No. 29,622

### **Moro Reported** Resigned to Die In Letter to Wife

Premier Aldo Moro, apparently resigned to being murdered by his terrorist kidnappers, has written a farewell letter to his wife and their children, it was disclosed today.' Meanwhile, the police said that they arrested three more suspects in their search for Mr. Moro.

State radio, television and newspapers reported that Mr. Moro's Red Brigades kidnappers allowed him to write a final note before their ambiguous announcement late last week that "we are conclud-ing the battle begun March 16 by executing the sentence passed on

Earlier in Mr. Moro's \$2 days of

### Jerusalem Hit By Rocket Blast, First Since '76

JERUSALEM. May 7 (AP)— Yasser Arafat's Palestinian guerril-las claimed responsibility today for the first rocket attack on Jerusalem since 1976, and said it was timed to coincide with this week's 30th anniversary of Israeli independence.

Authorities here said that one woman was injured in the explosion of a single Soviet-made Kalyu-sha rocket. The Palestine Liberation Organization in Beirut said that several persons were killed or injured in a "heavy rocket attack" and Israeli government buildings were damaged

It was the first time in two years that Arab guerrillas had fired on the city. Independence day celebrations have been traditional targets. for Arab terrorism, and Israeli police and civilians were on the alert against possible attacks.

Israeli authorities said that the woman was cut by flying glass when the rocket exploded in the court yard of an apartment house last night

would be put to death unless 13 of their jailed terrorist comrades were

The Milan newspaper Corriere Della Sera reported that friends of Mr. Moro's family, who saw his farewell message described it as "hearthreaking." Rome's conserva-tive II Tempo said it began: "Dear Norina [his affectionate name for his wife. Eleonora]. They have told me they are going to kill me short-ly. I kiss you for the last time. Kiss

#### Flat Rejection

Il Tempo said that another phrase in the brief, handwritten note said: "If the government had wanted to, it could have," a reference to the flat rejection of the terminate of the manufacture.

rorists' demands. Il Tempo said that the farewell letter, unlike earlier bitter messages begging or demanding that he be saved, no longer mentioned an exchange, as if he were resigned to

It said that Mr. More's 28-year-old daughter. Anna. a doctor, picked up the letter in a public telephone booth and brought it to her

The leftist Rome newspaper La Repubblica said that the Moro letter, received just before the kidnappers' announcement that they were killing their victim, caused Mrs. Moro to telephone Italian President Giovanni Leone, vainly entreating him to release one of the

The three new arrests in the continuing hunt for Mr. Moro by 50,000 police and troops took place today after hundreds of law officers raided homes in the north of Rome and outlying areas.

The worhan and two men seized today joined 23 persons arrested yesterday in a wide sweep in central Italy in prison awaiting interrogation by an examining magistrate. Police said that those arrested (Continued on Page 2, Col. 4)

Called Not Justified Until 1981

Saudis Said to Urge Oil Price Freeze

TAIF. Saudi Arabia, May 7, ference, which started yesterday, main critics arguing that the Saudi cuters)—Saudi Arabia has sug-ested a freeze in oil prices for the of the purchasing power of their oil OPEC and could render it power-



Leonid Brezhnev hangs onto his hat in wind at Hamburg airport during the ceremony before the Soviet leader's return to Moscow yesterday. West German Chancellor Helmut Schmidt is at left.

### **Byrd Reports Legislative Compromise**

### Accord Seen on Mideast Planes

By Bill Drummond

WASHINGTON, May 7-Senate Majority Leader Robert Byrd said vesterday that the outline of a compromise had been worked out with the Carter administration to smooth passage through the Senate of the controversial sale of jet fighter planes to Israel. Saudi Arabia

The West Virginia Democrat said that the tentative compromise

• Require that the new F-15s for Saudi Arabia be outfitted only for defensive operations.

· Place restrictions on where the Saudis could hase the planes.

The sources quoted a minister as

va because no action was likely to

be taken there. Iraqi Oil Minister Tayeh Abdul-

Karim stayed away from last December's OPEC conference in

Caracas, apparently to protest an

The Caracas conference ended

with no decision on prices - effec-

tively holding them at levels set in

· Provide for an expansion of the U.S. commitment to Israel after 1984, when the warplane transactions would be completed. Sen

the new commitments might be.
The first two elements deal with operations.

concerns critical to Israel. Although Saudi Arabia has declared that it wants the F-15s for defen- for Israeli warplanes and have not sive purposes only, the Israelis fear aroused the same opposition as the that the advanced interceptors aircraft for the Saudis might be used against them. They
want to insure that the planes are had shown continuing friendship not located at the Saudi base at toward the United States, modera-Tabuk, which they consider uncomfortably close to their border.

#### Key Element

The apparent key element of the tentative compromise is the provision that the administration make what Sen. Byrd called "a commitment of strong support" in military supplies to Israel after 1984.

Sen. Byrd said at his weekly press conference that he had received indications from the State Department that the compromise was accentable.

Official Israeli sources in Washington immediately expressed opposition. "We were not consulted about any possibility of compromise. Israel's policy, remains unchanged. We would like to see that the commitments made to Israel are fulfilled," an Israeli source said. "On the other hand, we be-lieve the sale of American warplanes to Arab countries constitutes a threat to the security of Israel and we would like to see the

decision reversed." Sen. Byrd said he had talked yesterday with Sen. John Sparkman. D-Ala., chairman of the Senate Foreign Relations Committee, and asked him to delay action on the jet-sale proposal until Tuesday. when a group of senators is to hold a breakfast meeting with Secretary

of State Cyrus Vance. Under the law, rejection of the sales would require a majority vote on a disapproval motion by both the House of Representatives and the Senate before a May 22 dead-

line.
"I would hope there would be no disapproval resolution, but in the event the Senate is requested to vote on the issue. I would hope and believe that any disapproval motion would be rejected." he said.

Under the administration's \$4.8billion sales proposal, Israel would receive 15 F-15 Eagle fighter planes — the world's most advanced, according to many military experts to add to its current stock of 25. and would also receive 75 somewhat less sophisticated F-16s. Saudi Arahia, which has no F-15s, would receive 60.

According to press reports, the uircraft destined for the Saudis would lack bomb racks and would carry computer-directed radar that is programmed only to spot air-

By Robert C. Siner

WASHINGTON, May 7

(IHT)—There are indications that a bill to revise the taxation

of Americans abroad by replac-

ing the current income exclusion

with special deductions may soon

chambers of commerce after a

week of comprehensive discus-

sions with numerous members of

Congress last week. The impres-

sion was later confirmed by con-

gressional sources.
In addition, Steven Kraft, chairman of the Tax Committee

of the Swiss-American Chamber.

and that during the meetings with key members and their

aides, there was almost unani-

nious support for the measure. The bill in question was an

amended version of a measure

passed overwhelmingly by the House late last year and adopted

Feb. 3 by the Senate Finance

That was the impression given

representatives of overseas

he brought before the Senate.

borne targets. This presumably would limit the F-15 to defensive

The 50 F-5E aircraft designated for Egypt are considered no match

Sen. Byrd said that Saudi Arabia tion in the Middle East and general support for the U.S. position in international economic affairs. "To reject this sale would be to drive the Saudis to purchase their aircraft elsewhere," he said. · Lus Angeles Time

### Turkish Lira Follows Fall of U.S. Dollar

ANKARA. May 7 (AP)-Turkey readjusted its currency against nine European currencies and the Canadian dollar today.

According to a Central Bank announcement, the Turkish lira folwed the fall of the U.S. dollar losing value against European currencies. Under the new parities, a Deutsche mark is equal to 11.73. Turkish liras as opposed to the pre-vious 11.50; the Swiss franc is equal to 12.56 liras, up from 12.20, and the French franc is 5.30 Turkish liras, up from 5.05. The lira gained

### After Bonn Meetings

# Brezhnev, Schmidt Sign 25-Year Pact

By John Vinocur

BONN, May 7 (NYT)—Soviet leader Leonid Brezhnev and Chan-cellor Helmut Schmidt linked the Soviet Union and West Germany. yesterday in a 25-year economic co-

operation agreement.

Mr. Schmidt described the agreement, despite misgivings of West German industrial leaders, as a historic event marking great progress in East-West relations.

The agreement signed here by the two leaders on the third day of a four-day visit by Mr. Brezhnev. provides a framework for the development of commerce, industry and technology in an initial 10-year phase, renewable for three five-year

periods.

Mr. Brezhnev and Mr. Schmidt also called, in a declaration, for disarmament measures. The Soviet Communist party leader and head of state said in a televised speech to the West German people that the issue of arms control was urgent and that "every day lost, every delay, can cost mankind - all of us

#### Informal Talks

[Mr. Brezhnev flew to Moscow today from Hamburg, where the Soviet leader had been a guest at Mr. Schmidt's home since the signing ceremony yesterday. The cere-monial send-off at the Hamburg airport was preceded by informal talks and a luncheon at the Chancellor's home that was also attended by Foreign Minister Hans-Dietrich Genscher, Defense Minister Hans Apel and Economics Minister Otto Lambsdorf.

[In a communique released today after Mr. Brezhnev's 1.30 p.m. de-parture Mr. Brezhnev and Mr. Schmidt said they considered it ex-tremely important that the U.S.-Soviet talks on the limitation of strategic arms be successful. They also said they expected the special LIN. disarmament conference later this month to promote progress in disarmament negotiations, according

Mr. Schmidt's enthusiasm for the economic agreement, conveyed by his press spokesman, contrasted cials said, sharply with comments in West German newspapers and by indus-trial leaders. They suggested that the accord was a vague bit of cosmetics meant to prop up a visit that Mr. Brezhnev was using, they

age as a "man of peace."

The Chancellor's press spokes man, Klaus Bolling, said Mr. Schmidt saw the agreement not

only as an economic document but also as a political act without parallel in the recent history of the world."
The agreement and the declaration, according to Mr. Bolling's account of the Chancellor's thinking,
"would have been unthinkable 10

years ago." The economic agreement calls

for joint development of industrial plants, industrial products and equipment, development of natural resources, including seabed mining projects, and cooperation in the production of energy, banking, vice industry projects and in the building of machines, steel, automobiles, and chemical products.

At the same time, the agreement included a statement that "efforts will be made to continue granting credit under the most favorable conditions" and that barter ar-rangements would be continued where necessary,

This went against the basic atti-tude of West German industry and banking which feels that the Russians have counted far too much on West German loans and could not indefinitely continue to offer products such as sheep or plum jelly

(Continued on Page 2, Col. 7)

senger planes to that role.
Soviet negotiators, sources said,

contend they must be able to tell a

missile carrier from a passenger

plane at a glance - presumably by

A Boeing 747, McDonnell Doug-las DC-10 or other passenger jet se-

lected for the role would have to

have clearly distinguishable doors

and other characteristics identify-

ing its mission to satisfy the Soviet

This would cost the United

States considerably more money

than converting existing airliners.

### On U.S. Transport Issue

### Russia Said to Ease Objection to Missile

By George C. Wilson

Union.

WASHINGTON, May 7 (WP) rather than converting existing pas-The Soviet Union has withdrawn its "categorical" objection to the United States putting Cruise mis-siles into wide-hodied civilian tran-sports like the Boeing 747, adminis-tration officials said yesterday.

Pentagon strategists from De-fense Secretary Harold Brown down have been pushing hard for a new mother plane to insure that Cruise missiles could overwhelm any future Soviet defense by giving it too much to handle. A wide-hodied transport could

carry 60 to 80 Cruise missiles, Existing B-52- hombers will carry

The Soviet Union during recent arms negotiations in Geneva backed off its flat-out opposition to Cruise missile carriers but pressed for several limiting conditions, offi-

### Soviet Condition

One condition sought by the Soviet Union, but still at issue, is building the wide-bodied jet from the ground up as a missile carrier

riman has been proposed for the

U.S. delegation to the UN Special

Session on Disarmament. Andy

Young will be chairman. The prob-

lem with the publicity is that Harri-

man hasn't been approved by the

"I do think it's quite funny, actually." said Mr. Harriman's wife, Parnela. "But it is sort of silly

for something that only lasts live

weeks. And what do they do if somehody says. 'Yes, he's sloshed every night."

"The only thing that bothers me," she says, "is that this guy has been working on this case for two

weeks, wasting taxpavers' money."

unnamed source at the State Department, "this will be a presi-

dential appointment. And anyone

who is up for one of those would

have to go through a security

"You must understand." says the

White House yet."

U.S. strategists believe the extra cost would pay off in terms of

keeping the offense ahead of the defense. One Vehicle U.S. negotiators at the Strategic Arms Limitation Talks in Geneva

are arguing that a wide-hodied plane full of Cruise missiles should count as one vehicle under the agreed upon limit of 1,320 missiles and hombers carrying more than one nuclear warhead.

Under that rationale, the United States could deploy 1,200 multiplewarhead, land and submarine missiles plus 120 Cruise missile carri-

If all the 120 carners eventually became wide-bodied transports carrying 70 Cruise missiles each. Soviet defenders would have to confront 8,400 warheads - an unenviable task.

On the more comforting side. backers of the plan argue, a Cruise missile flies so much more slowly to its target than a ballistic missile that the Soviet Union would not have to worry about a surprise Cruise attack knocking out landbased missiles.

### Overwhelming Numbers

The Cruise force, while overwhelming in numbers, would be clearly for retaliation and thus discourage the Soviet Union from (Continued on Page 2, Col. 6)

### Kennedy Tops Carter In U.S. Poll

WASHINGTON, May 7 (UPI)—Sen. Edward Kennedy. D-Mass., rather than President Carter, is the first choice among Democrats to be their party's 1980 presidential nominee, ac-cording to a Gallup poll report-ed in The Washington Post

today.

When asked to select their first choice from among six prominent Democrats. 36 per cent of those polled chose Sen. Kennedy while 29 per cent picked Mr. Carter. When facing Mr. Carter alone. Sen. Kennedy

held a 53-to-40-per-cent lead.
California Gov. Edmund
Brown jr. was the third choice
with 12 per cent of the vote, followed by Vice-President Mondale with 8 per cent, Sen. Henry Jackson of Washington with 5 per cent, and Rep. Morris Udall of Arizona with 3 per cent.

Only once in the 43-year his-

tory of the Gallup Poll has an incumbent president eligible for re-election been defeated in a survey. That was in September, 1967, when Sen. Keinedy's brother, Robert, was the choice of 51 per cent of Democrats for the 1968 nomination while 39. per cent preferred President Lyndon B Johnson

For White House Appointment

### Even Harriman Becomes Probe Subject insisted another State Department source, this one unidentified. "Har-

By Sally Quinn WASHINGTON, May 7 (WP)-It was not the idea of the security check that anybody minded. Such things are commonplace in Wash-

against the Canadian dollar.

But what set his neighbors in Georgetown buzzing this week was the target of State Department's latest job security inquiry - Averell Harriman, former under secretary of state, former ambassador to the Soviet Union, former ambassador to the Court of St. James's, former secretary of commerce: former

ambassador-at-large.

How could they send someone around asking if Averell had a drinking problem . . or whether he had a happy marriage? exclaimed one of Mr. Harriman's Georgetown neighbors. Columnist Art Buchwald, who

was among those contacted by State Department security officer Henry Bishop, commented: What are you supposed to say? 'Ah yes. I helieve he knew Stalin well." Mr. Bishop insisted that he was



Averell Harriman

not at liberty to explain why he was checking on the distinguished 86-"Deep, deep, deep background,"

# "Even Jerry Ford."

Committee. It would defer the The study strongly criticized pro-

that would be granted by the pro-posals now before Congress is ex-

jobs in the United States.

posals now before Congress for tax relief for Americans working

These findings were in direct contradiction to those of the General Accounting Office: which, after an exhaustive study released. Feb. 21, recommended

continued tax benefits for Americans working overseas. The GAO, in its yearlong study, sent investigators overseas to examine the problem in depth. Library of Congress officials conceded that their report was done solely at the Library, but defended its Differing Recommendations

Judging from the list of wit-nesses, the hearing will be a con-frontation between the GAO and the Library of Congress over their widely differing recommendations. Its major purpose, ac-cording to congressional sources, will be to try to answer in committee any arguments based on the Library's report that might be ruised against the bill on the Senate floor. This would avoid what could

be a lengthy floor fight, probably led by Sen. Kennedy, Mr. Kraft. after a lengthy session with the (Continued on Page 2, Col. 5)

### Judge Releases **Houston Man** After 14 Years

HOUSTON, May 7 (AP)-For 14 years. Calvin Selfars insisted that he was innocent of the torture-robhery of a Houston merchant. While in prison he studied law and court procedure and became his own

On Friday, U.S. District Judge Fints Cowan freed Sellars on per-sonal recognizance, ruling that the man whose death sentenced had been commuted to life imprisonment had been illegally confined. Judge Cowan ruled that Sellars had been convicted in 1965 on the lace.

perjured testimony of two police officers. The state of Texas is appealing the ruling.

Sellars was convicted of being one of three men who raided the home of Mair Schepps, a wealthy candy-to-facco merchant, in March of 1964, Mr. Schepps and his wife were shot and tortured. The three

men left with \$2,500 in cash and dramonds valued at \$25,000. Last Dec. 7, during a court hearing. Sellars, acting as his own attor-ney, got former detective Robert Schallert to testify that Sellars had been told he would never see the lights of Houston again unles cooperated Sellars also stated that police inspector Woods Stephenson had said Calvin. The killed had no comment on claims by the six men and you just might be rightist National Liberation party.

ganization of Petroleum Exporting

The sources said that Sneikn tening consequences are the sources said that Sneikn tening consequences are the sources are a meeting to the sources said that Sneikn tening consequences are the sources are a meeting to the sources said that Sneikn tening consequences are the sources are the sources said that Sneikn tening consequences are the sources are the sources and that Sneikn tening consequences are the sources are the suitable alternative to the dollar for adding that he would probably told their OPEC partners that mar- oil pricing. His arguments were boycott the June meeting in Geneket conditions would not justify an said to have been supported by oil price rise now, but might do so Iran's OPEC delegate. Mohammed oil price rise now, but might do so

next three or four years, according revenues because of the dollar's re- less.

to sources at a meeting of the Or- cent decline.

The sources said that the Saudis

in 1981 or 1982. Saudi Oil Minister Sheikh

Ahmed Zaki Yamani, host at two

days of informal talks here among

the 13 OPEC members, told the

ministers that the current surplus in

the world oil market was expected

to persist until 1981 or 1982, the

They quoted him as saying that

The sources said that Sheikh

Yamani gave a lengthly exposition of the reasons for Saudi Arabia's support of the U.S. dollar as the

hasic currency for setting the price

of oil. He was quoted as saying that

he believed the dollar was already

on the road to recovery.

Many ministers at the Tail con-

no price increases were conceivable

sources reported.

hefore then.

Harmful to OPEC The sources said that the Saudi

crease decided at OPEC's next regular ministerial conference in Ge-

position was strongly attacked by advance agreement by some mem-states that want an oil price in- bers to keep prices frozen.

neva on June 17-18, Irau was named as one of the December, 1976.

### Commander Blamed Syrians Shell Christians

In Beirut; 4 Are Killed BEIRUT, May 7 (AP)-Syrian tia, that Syrian Maj, Mohammed peace-keeping forces yesterday Khayer was responsible for the at-shelled a Christian neighborhood tack and previous assaults against of southeastern Beirut in the sec-

Aside from the occasional sound planned before the fighting broke of a sniper's rifle, the area was qui-There were conflicting reports about the cause of the midnight-to-

sent residents fleeing to basements and air raid shelters and set fire to nine apartment buildings. Extreme rightist Christian leaders claimed the attack on the community was unprovoked and had heen ordered by a Syrian com-mander who had a grudge against the Christians and opened fire in an attempt to provoke the popu-

daybreak rocket and artillery fire

on Ain el-Rummaneh. The attack

### Moslem Suport

Residents of the area, including Moslems, supported this

claim. But the command of the Syriandominated, Arab League force said its troops acted after anarchists from Christian and Moslem neighborhoods began fighting with ma-chine guns and baztokas. Resi-dents of both the Christian and Moslem communities defied there

was any sectaman fighting. First reports said that 25 had heen wounded in the shelling, but Beirut police later lowered the toll The peace-keeping command

which fields one of the major mili-

tack and previous assaults against

ond outbreak of fighting there in a month. Four persons were reported killed and 17 wounded.

Maj. Khayer's unit was replaced later in the day, the command reported. But it said that had been

Earlier Toll Last month, 115 soldiers and civilians were killed in five days of fighting between Christian and

Moslem quarters. The neighborhoods were major battle areas during the 1975-1976 civil war. The Syrians, who moved into Lebanon in an attempt to end the war, are charged with maintain-

ing Beirut's shaky cease-fire. In other developments vesterday, a Senegalese member of the sepa-rate UN force in southern Lebanon was reported killed and another

wounded by a U.S. cluster homb. A UN spokesman said the two men were examining the unexplod-ed bomb Friday when it went off The bombs were dropped by Israel during its invasion of southern Lebanon last month and the U.S. Government later protested them

At Lebanese military headquarters, intelligence officers were ques-tioning a 23-year-old Swiss student

on suspicion of carrying a time bomb in her handbag at Berrut airport. The student was apprehended before she was to have boarded a Cieneva-hound flight. Officials said that the student, identified as Nanni Albonico, belonged to a Swiss-Palestinian

friend-hip organization

### Senate May Take Up Overseas Tax Soon Americans Abroad May Receive **Deductions Instead of Exclusion**

Section 911 (foreign source income) provisions of the 1976
Tax Reform Act for income earned in 1977 and last year.

For income earned next year, it would substitute a proposal by Sen. Abraham Ribicoff. D-Conn., which would replace the income exclusion with special deductions for housing, cost-of-living and education. The House version contained only a oneyear delay in the Tax Reform Act

An indication that Senate action on the measure might be forthcoming in the near future was a hearing scheduled tomor-row morning by the Finance Committee on a Library of Congress study, commissioned by Sen Edward Kennedy, D-Mass.

This study argues that relief

cessive when compared to the amount of relief that could be justified on the basis of the difference between the cost-of-living in the United States and abroad. and rejects claims that such relief serves other important economic goals such as promoting U.S. exports, keeping U.S. firms competitive overseas and creating

### **Carter Cites Notes to Brezhnev**

sent several private warnings to Leonid Brezhnev, the Soviet leader, about Soviet and Cuban military involvement in Africa.

He told citizens at a meeting here Friday that his messages said in effect. "Be careful how you use your military strength in Africa if you want to be a friend of the United States and maintain peace."

Mr. Carter said the Soviet Union's main effort in Africa had been the sale of arms, while the

been the sale of arms, while the United States gave the continent economic aid. friendship and a

commitment to human rights.

Mr. Carter also said that he believed that the United States con-tinued to hold the edge over the Soviet Union in Africa. He attributed this, in part, to "an innate racism that exists in the Soviet Union toward black people."

The President praised the Soviet Union, however, for negotiating "in good faith" on the limitation of strategic arms.

#### **Carter Statements** Seen as Forceful

By Graham Hovey WASHINGTON, May 7 (NYT)— High-ranking government officials yesterday characterized President Carter's warning to the Soviet Union and Cuba about military intervention in Africa and his charge against the Russians of "innate racism" toward blacks as his most forceful statements to date on the

"I'm not surprised that he made it because he keeps letting us know of his deep concern," said an Afri-can specialist, referring to Mr. Carter's extensive response to a

question Friday in Spokane. The President said he had used the "strongest possible terms" to warn Moscow and Havana that their African interventions would jeopardize relations with the United States and damage East-West

#### A Correction

The story in the weekend editions of the International Herald Tribune on President Leonid Brezhnev's meeting with Chancel-lor Helmut Schmidt in Bonn inadvertently stated that the Russians had no intention of bringing the neutron-weapon issue into a current disarmament meeting. It should have said that the Soviet Union has no intention of bringing the weapon into any current forum, but will instead focus on it at the UN disarmament meeting in New York later this month.

SPOKANE, Wash. May 7—President Carter has reported that he

Some administration officials said they were surprised that Mr. Carter had spoken publicly about a subject long discussed privately in diplomatic circles: the allegations of racist behavior by the Russians in their dealings with black Afri-cans, both in Africa and in the So-

#### 'Article of Belief'

watched the Soviets operate in Africa," said one official, "but as far as I can remember this is the about it openly.

Diplomats have often cited racial prejudice as a factor in Soviet setbacks in Africa and there have been instances of public protest by black African students about alleged discrimination in the Soviet Union and other Eastern European countries under Communist rule since the early 1960s.

One U.S. official said, however. that he was not certain black Afri-cans would react favorably to Mr. Carter's charge of racism. "The Africans can still see all the blemishes in our open American society," he said. "They may say. You still have too many motes in your own eye for the President to be talking like that."

The President's warning that So-viet behavior in Africa would inevitably affect progress toward detente and overall Soviet-U.S. relations again pointed up a continuing

### Laker On Way To L.A. Service

LONDON, May 7 (IHT)—Freddie Laker has crossed the first hurdle in his attempt to expand his

cation to operate a no-frills, walk- er. on service, identical to the New

June I to Aug. 31.

national issues.

Mr. Carter said that Secretary of

State Cyrus Vance, in Moscow last month, had repeated the Presi-dent's warning to Soviet leaders about the effect of African inter-ventions on Soviet-U.S. friendship. Mr. Vance has said emphatically, however, that Soviet actions in Alrica should not be allowed to hamper progress toward a new treaty to curb the nuclear weapons race — the so called SALT-2 agree-

"It is one of those articles of be-lief for a lot of us who have watched the Soviets operate in Africa." said one official. "but as far as I can remember this is the first time any high-ranking official of any government has talked in Africa could not fail to affect progress on other outstanding

Several officials remarked yester-day that Mr. Carter's language and emphasis in Spokane appeared to more in line with Mr. Brzezinski's attitude than with that of Mr.

Vалсе. Officials said they believed Mr. Carter's reference in Spokane to a strong religious commitment in black Africa as a defense against Soviet penetration and a factor favorable to the United States de-

rived in part from his visits last month to Nigeria and Liberia. Both Lt. Gen. Olusegun Obasan-jo. Nigeria's head of state, and President William Tolbert jr. of Liberia are devout practitioners of Mr. Carter's Baptist faith, the officials pointed out. Mr. Tolbert in 1965 became the first black to become president of the Baptist World Alliance.

#### Tass Disputes President

MOSCOW, May 7 (AP)—Tass yesterday lashed back against Pres-ident Carter's statement that an "innate racism" against blacks ex-ists in the Soviet Union.

The official Soviet news agency

said it found it "at least strange" that Mr. Carter had compared Soviet "racism" with conditions in the Skytrain service to Los Angeles. United States, where Mr. Carter Britain's Civil Aviation Authori- declared that "we know how to live ty approved Laker Airway's appli- with white and black people togeth-

"Of course, J. Carter 'forgot' that York operation, on the London to equality and respect of one people Los Angeles route. The Laker plans for another have long ago been senow must be approved by the Decured in the Soviet Union." the partment of Trade and by U.S. avi-

By contrast, it said, such equality A one-way flight from London's and mutual respect "until now has Gatwick Airport to Los Angeles remained an unobtainable dream in would cost £84 from Oct. 1 to June the United States for Indians, 30, and £96 from July 1 to Sept. 30. Negroes, Puerto Ricans, Chicanos The flight from Los Angeles to and other representatives of nation-London would cost \$220 from al minorities, who are the victims of Sept. 1 to May 31, and \$248 from discrimination in all fields and merciless exploitation.'



Mrs. Eleonora Moro leaves church after mass for husband.

nists, has repeatedly refused to deal with the kidnappers to save the leader of the Christian Democratic party. It turned down a bid by Socialist leader Bettino Craxi to re-

duce prison sentences or make

treatment in Italy's maximum se-curity jails milder if Mr. Moro were

But both Communists and the

right-of-center Republicans showed

displeasure this weekend with a

government agreement to allow Amnesty International, a British-

based organization concerned with

The Communist newspaper

L'Unita said: "This move is strange

and unmotivated whether connect-

ed with prison conditions or

whether it is a move to stay the assassin's hand." The Red Brigades

have said that one of their aims is

to destroy all Italy's jailers and

jails, described as "concentration

(Continued from Page 1)

Massachusetts Democrat, found

him to be "committed" to the Library of Congress study.

But even if a floor fight is avoided, the bill still faces prob-

The three-month fight over the

Panama Canal treaties this year, and the yearlong fight over the energy bill last year delayed action on a wide variety of legislation and forced the Senate to

avoid almost all issues that could

be termed "controversial." For

this reason, any lengthy debate over the tax measure could doom

it for the session. It also also

made virtually impossible any at-tempt to separate the deferral of the 1976 Tax Act provisions from

Strongly Committed

members found that most of the

senators they met with were

strongly committed to getting the

entire Finance Committee Bill passed. In fact Mr. Kraft said that "every indication I have had

during the course of my meetings with members of Congress this week, leads me to believe that it

would be the Ribicoff bill - pos-

sibly with some modifications but with the basic format intact

but with the basic format intact—or nothing."
But even if the bill gets through the Senate, it must still go to a conference with the House, with the version agreed to by the conferees going back for approval by each house. House Ways and Means Committee Chairman Al Ullman, D-Ore, apparently has dropped his insis-

apparently has dropped his insis-tence that the House originate its

own measure. He has indicated

that he would not strip the Ribi-coff proposals from the bill but would instead make certain ad-

justments and modifications and

mark the bill up.
However, during this process,

the measure could be sidetracked by the unresolved controversy

over the sale of military aircraft to Israel. Egypt and Saudi Arabia, or by the energy bill, which is still in conference.

Mr. Kraft, a tax attorney based in Zurich, said that unless to the said that the said that

some type of bill is enacted very quickly, a course that appears unlikely, many Americans over-

seas, who must start working on their tax returns within the next

week or so to make the June 15 deadline, will be uncertain as to

Mr. Kraft and other chamber

the Ribicoff proposal.

Tax Issue

In Senate

lems of timing,

### Moro Reported to Write Farewell Letter to Wife

(Continued from Page 1) were on a list of persons sought as sympathizers with the Red Bri-

Politicians, relatives and police are pinning hopes that Mr. Moro may still be alive on the terrorists' use of the gerund "by executing,"

### Trial Reset For Accused Snake Biter

MORGANTON, N.C., May 7 (AP)-Naomi Anderson showed up in district court with her pet boa constrictor, Daniel, in a blue pillowcase, but the man accused of biting off the tip of Daniel's tail failed to appear. Judge Bill Martin ordered 18-

year-old Kenneth Spurling arrested and rescheduled his trial for May 19. Mr. Spurling is accused of biting one-half inch off the tail of Daniel, a 48-inch

According to Miss Anderson, she and Daniel were with a friend in a car by Lake James on April 22 when Mr. Spurling walked up, began petting the snake and asked if it would hurt him. He then picked up the snake and took a bite of its tail, she said. She added that she wants to recover the \$25 it cost to to have Daniel's tail sewed

### Egypt Is Buying Many U.S. Transports

CAIRO, May 7 (AP)—War Min-ister Mohammed Abdel Ghany Gamassy said yesterday that Egypt has concluded a deal with the United States to purchase a large num-ber of C-130 transport aircraft and plans to replace some of its aging Soviet MiG-21s with the 50 U.S. F-

Gen. Gamassy said, however, that French-supplied Mirage fight-er-bombers will remain the back-

bone of the Egyptian Air Force. He made the comments during a visit to technical sections of an unidentified air base, where he attended an exercise on overhauling an engine of the French-made jet in a record time, the Middle East News

Agency said.

The war minister praised Western aircraft, saying that they were more sophisticated, better equipped and have better facilities than Soviet planes.

**Double the Capacity** He said that the C-130 has double the capacity of the Soviet-made

Antonov transport plane.
His statements were made as the U.S. Congress was discussing a controversial proposal to sell 60 F-15s to Saudi Arabia, 50 F-5Es to Egypt and 15 F-15s and 75 F-16s to

Egyptian President Anwar Sadat has described the F-5E as a 10thjust stopping short of saying they had already killed the former prerate plane, but viewed the proposed deal as significant because it could mark the start of U.S. military aid The government of Christian Democratic Premier Giulio Andreotti, backed by the Commu-

to Egypt.
The type of the French planes was not mentioned, but Egypt is known to have 45 to 55 Mirage-3s and is expected to get 50 more.

Gen. Gamassy said that Egypt would get the planes either through

### Russia Said To Ease Up

(Continued from Page 1) starting a nuclear war in the first

political prisoners, to inspect Italy's place, according to Carter administration officials.

bomber within the 1,320 limit, Soviet negotiators have said each jumbo jet should count as three bombers because it will carry three times as many missiles as the B-52. The United States is rejecting this argu-Secretary Brown's enthusiasm for using wide-bodied jets as Cruise

missile carriers is not shared by the House Armed Services Committee. It recently deleted \$41.2 million the Pentagon is requesting in its fiscal 1977 budget for the jumbo jet mis-A wide-bodied jet serving as a missile carrier would be so slow

that Soviet defenses could knock it out of the sky, the committee argued. Also, it said, the concept amounts to putting too many nuclear eggs in one basket.

The committee majority voting against the new missile carrier, further predicted it would cost as much as the \$100-million B-1 bomber which President Carter canceled. The B-1 could have carried Cruise missiles as well as penetrated defenses.

### Easy Target

While conceding thata 747-type jet loaded with Cruise missiles. would be slow and easy to hit, backers stress that it would launch its missiles while still safely out of range of Soviet defenses.

As Soviet defenses improve, the proponents argue further, the range of the Cruise missiles could be ex-tended beyond the 1,500-mile limit envisioned under the SALT agreement now in negotiation.

The Senate Armed Services Committee, in marking up its version of the Pentagon money bill, so far has gone along with authorizing money for the Cruise missile carrier, although there is still a chance the requested \$41.2 million will be.

shaved a bit.

The Air Force is running a competition between aviation companies to test the concept of using wide-bodied jets as Cruise carriers.

### Funeral Trick Foiled in Egypt

CAIRO, May 7 (AP)—A baker was arrested for holding a phony funeral in order to smuggle sacks of flour into his shop in Maghagha, north of Cairo, the newspaper Al Akhbar reported yesterday.

The mag rut three seeks of flow

The man put three sacks of flour in a coffin and arranged a funeral procession through town with women screaming in grief behind the coffin, the newspaper reported. Police discovered the procession

stopped the procession.

Flour is strictly rationed in Egypt and is not easy to find in large quantitites.

Egypt reportedly has been nego-trating with French companies to build Mirages and Alpha Jets, a va-riety of missiles and modern elec-tronic military equipment.

A protocol was recently signed regulating cooperation between

France and the Arab Organization for Industrialization, which in-cludes Egypt, Saudi Arabia, Qatar and the United Arab Emirates. Western military analysts still consider the MiG-21 and MiG-23 jets as the backbone of the Egyptian Air Force although Egypt is having difficulties finding spare parts to keep its MiG fleet flying.

### Brezhnev, Schmidt Sign 25-Year Economic Pact

(Continued from Page I)

against West German machinery and steel pipe. Otto Wolff von Amerongen, kead of West Germany's industry and trade associations, discounted the importance of the agreement. In an interview with a French television network, he said:

"It is not an historic accord. It gives German industrialists the chance to plan better and the possibility to accelerate exchanges, but they are problematical between countries with such different economic systems."

The Frankfurter Allgemeine Zeitung, one of the country's most influential newspapers, stressed hollowness of the results of the conversations in a front-page editorial. Against the historical claims, it

spoke of "prosaic reality."
"Four weeks ago," the editorial said, "no one even had the idea of a long-term economic accord that, having been rapidly stitched together, is now being portrayed as

On the questions of disarmament and better relations. West German government sources avoided any talk of advances in describing the

conversations.

They said Mr. Brezhnev showed no readiness to discuss possible negotiations concerning the controversial neutron bomb. They also reported that the Soviet leader, who in large measure read from pre-pared notes during his conversa-tions with Mr. Schmidt, made no Rather than go along with the effort to discuss or exploit the re-United States by counting the cent differences between West Gerwide-bodied missile carrier as one many and the United States

> Mr. Brezhnev described the conversations with Mr. Schmidt as "necessary, substantive and useful," and the Chancellor characterized the conversations as valuable for detente in Europe and the

The overall impression of the talks, however, was that little was accomplished in any concrete way and that Mr. Brezhnev, who de-nounced the neutron bomb, was intent on projecting an image of the Soviet Union as a force in favor of arms control before the United Nations-aspecial session on disarmament later this month.

The joint declaration said: Both sides regard it as in ant that no one should seek military superiority. They proceed from the assumption that approximate equality and parity suffice to insure defense. In their opinion, appropri-ate measures of disarmament and

### **Carter Relates**

Sadat Switch SPOKANE, Wash., May 7 (NYT)—President Carter told a citizens' meeting here of prog-ress made toward peace in the Mideast since his first meeting with President Anwar Sadat of

Egypt.
He said Friday that he had told Mr. Sadat that "I want you first of all to recognize that Isra-

et has a right to exist and that he wanted the Egyptians to ne-gotiate directly with the Israelis. The President said that Mr. Sadat had replied, "Mr. President, that will never happen in my lifetime." Mr. Carter noted, however, that the prophesy had been dispelled by Mr. Sadat's historic visit to Jerusalem.

### Kyprianou Sees Bluff by Turkey

Athens, May 7 (AP)—Cyprus President Spyros Kyprianou said recent claims by Turkey that it would draw closer to the Soviet Union were an obvious bluff designed to deceive the U.S. Congress into lifting its arms embargo. He said in an interview published here yesterday that Turkey

isked here yesterday that Turkey needed the West 100 per cent and that it was the United States which could still decisively contribute to

Solving the Cyprus crisis.

"America can still do a lot," Mr.

Kyprianou told the English language Athens Daily Post, adding.

"The question of the embargo is very important in this context be-cause if it is lifted then the poten-tial of the United States to play a decisive role is reduced."

arms limitation in the nuclear and conventional fields in accordance with this basic principle would be

of great significance.

On the matter of West Berlin, which the West Germans regard as a weathervane of good or bad East-West relations, the two sides endorsed the Four Power control of the state of t the city stemming from the Allied victory in World War II and said it should "be strictly adhered to and fully implemented.

### **Boy Scouts Cut** Age Limit on Handicapped

NORTH BRUNSWICK, N.J., May 7 (AP)—A 23-year-old man will become an Eagle Scout as a result of a Boy Scouts of America decision to eliminate age requirements for the handicapped.

An Eagle Scout pin — that of the highest scout rank — will be forwarded immediately to local scout officials for Gregory Wittine. 23, of Baldwin, N.Y., said Harvey Price. the chief scout executive. Mr. Wittine is a cerebral palsy

victim who qualified for Eagle Scout in part by completing a 10-mile hike on his hands and knees. His case helped raise a public outcry over Boy Scout policy toward the handicapped. Effective last Friday, physically

handicapped Boy Scouts can be enrolled past their 18th birthdays. Cub Scouts may be enrolled after their 11th birthdays and Explorers may remain in posts beyond their 21st birthdays. There will be no up-

per limit on age.

The 1.2 million scouts in the Box Scouts of America include more than 60,000 physically or mentally handicapped persons.

### Egyptian **Cabinet** Shuffled

CAIRO. May 7 (UPI)—The architect of Egypt's economic policy.
Abdel Kaissouny, was dropped from Prime Minister Mamdouh Salem's Cabinet in a limited shuff

announced today.

Other key posts did not change, hands but five ministers joined the new lineup for the first time and five others were assigned different

By injecting new blood into the administration, Mr. Salem said it will be better qualified to attempt a basic reform of the Egyptian economy and "grapple with the people's everyday problems."

Gen. Mohammed Mohammed Abdel-Ghany Gamasy remained as

vice-premier and war minister, Mohammed Ibrahim Kamel as foreign minister and Maj. Gen. Na-bawi Ismail as interior minister.

The shake-up was ordered by President Anwar Sadat last Tuce

President Anwar Sadat last Tuce day after the Cabinet came under strong criticism in the local press which castigated it for a "lack piteam spirit" and compared its members to "various horses pulling a cart in opposite directions.

Mr. Kaissouny, vice-premier for economic affairs, resigned three weeks ago and went to the United States for medical treatment. His stringent economic policies were becoming increasingly unpopular; even inside the Cabinet itself.

He reportedly favored a wage freeze, as part of a drive to combat inflation, but was overruled by Mr. Salem, who feared this would add to the discontent.

to the discontent. The shuffle was the second in seven months and the fifth since

Mr. Salein, a 60-year-old former police officer, formed his first Cab-inet in April, 1975. the post of vice-premier for economic affairs, but Abdel Razzak
Abdel Meguid, a top UN official, was appointed as economic planning minister, a post which Mr. Ka-

issouny previously held as well.

"We hope that we will be able soon to move from the phase of introducing basic solutions to the phase of abundance and affluence," Mr. Salem said.

Mr. Salem outlined two other

tasks facing the Cabinet: "Working under President Sadat's leadership to liberate Israel-occupied territory and realize a peace settlement based on justice" and "safeguard-ing the sound exercise of democra-

In Tuesday's speech. Mr. Sadat said he wanted "dynamic, not pas-sive ministers," capable of confronting parliamentary and press criticism. The newcomers included: Abdel Razzak Abdel Meguid, minister of economic planning. Ahmed Mamdouh Atteya, minister of jus-tice: Mahmoud Mohammed Dawood minister of agriculture: Ahmed Talau Tewfik, minister of housing, and Nassef Tahoun, min-ister of supply.

# Sheraton. Now we're open in Dubai.



built it for.

For reservations in any Sheraton Hotel in Europe, Africa, the Middle East and around the world, call your nearest **Sheraton Hotel or Reservation Office** or have your travel agent call.



In talks with Treasury and Internal Revenue Service officials he found that, unlike last year, a blanket extension to July 15 would not be granted. In addition, it was uncertain how the IRS would treat individual requests for an extension. An IRS official advised Anericans abroad who are doing their returns now to "file on the basis of the law as it exists" meaning under the provisions of the 1976. Tax Reform Act. If the law is then changed, taxpayers will then changed, taxpayers will have to file amended returns to

-	ALGARVE	. 16 61 . Cloudy	MADRID .	16 41 Overing
	AMSTERDAM	13 55 cloudy	MAMI	.25 82 Sloudy
<b>!</b> -	ANKARA	19 és clear	MILAN	If 64 cloudy
s	ATHENS	18 é4 colo	MONTREAL	15 59 CHOI
_	BEIRUT	22 72 clear	MOSCOW	14-57 Cloudy
<b>a</b> .	BELGRADE	17 43 gvercest	AUNICH	7 45 POIN
5	BERLIN	17 AJ overcost	NEW YORK	-14 SE Cloudy
	BRUSSELS	10 SD cloudy	NICE	15 97 Cloudy
	BUCHAREST	22 72 overcost	OSLO	15 57 Clear
e	BUDAP #57	76 61 raks	PARIS	
	CASABLANCA	17 63 clear		
	COPENHAGEN		PRAGUE	
э.	COSTA DEL SOL		ROME	16 61 rain
5		15 59 cloudy	SOFIA	11 52 Shower
7	DUOLIN -	unavaliable	STOCKHOLM	10:50 -ctep:
-	EDINSURGH	11 52 clear	THIRAN	21 70 cloudy
f.	FLORENCE	15 97 overcost	TELAVIV.	25 77 Clear
_	FRANKFURT	11 52 roin :	TUNE	23 73 " overco:
<u>-</u> .	Geneva .	17 52 clouds)	-VIENNA ····	15 59 overcom
•	HELSINKI - ;	. 10 50 clear .	WARSAW	15 57 TOLO
E	ISTANBUL .		WASKINGTON	
3	LAS PALMAS	19 44 OVERCOST	ZURICH	18 64 cloudy
F.	LISBON		20Kich	1-46 roter
•	LONDON	la él claudy	(Yesterday's readings ()	5. and Comodo at
	LOS ANGELES	18.64 clear	GAT; all others at 1200 G	SAT 1

### Carter Assails the AMA As Block to Health Care

SPOKANE, Wash., May 7 (NYT)—President Carter has at-tacked organized medicine as the "major obstacle" to better health care in the United States.

"I know that doctors care very seriously about their patients, but when doctors organize into the American Medical Association, their interest is in protecting the in-terests not of patients but of doctors," the President told 1,700 persons at a "town meeting" here Friday.

### Spaniard Given Death Sentence By Algerians

MEDEA, Algeria, May 7 (AP)-Algeria's state security court today sentenced to death a 32-year-old Spaniard convicted of the attempted April 5 assassination of Antonio Cubillo, leader of the Algerian-backed Movement for the Self-Determination and Independence of

the Canary Archipelago.

Juan Antonio Alfonso Gonzales said during the two-day trial that he was sent to Algiers by a Spanish anarchist movement known as the Revolutionary Patriotic anti-Fascist Front (FRAP) to kill Mr. Cubillo, whom he described as an

agent of the CIA. The prosecution denounced Gonzales's confession and charged that he was ordered to kill Mr. Cubillo by Spanish military intelli-

gence services.

Gonzales confessed that he ambushed the 48-year-old Mr. Cubillo in the lobby of his Algiers apart-ment building and stabbed him repeatedly in the spine and abdomen.

Mr. Cubillo is still on the critical list in an Algiers hospital and doctors say he may be permanently paralyzed in his lower limbs.

Jose Luis Cortes y Rodriguez, 22, who confessed he acted as lookout man for Gonzales, was sentenced to 20 years in prison.

#### Soviet Officers Foil Hijacking Attempt

MOSCOW, May 7 (AP)-An armed man attempted to flee the country by hijacking a Soviet pas-senger plane on a local flight from Ashkhabad, the capital of Soviet Turkmenistan, but was killed by security officers. Tass reported yes-

The Soviet news agency identified the hijacker only as the "armed criminal Skubenko."

By Martin Tolchin "They have been the major ob-

"They have been the major ob-stacle to progress in our country in having a better health care system in years gone by," he added. The attack was made a day after a similar assault on the legal profes-sion and was delivered in the Presi-dent's new, forceful style.

The meeting followed a tumultu-ous welcome from a crowd of 20,000. The meeting highlighted a three-day Western swing that bore many of the earmarks of a presi-

dential campaign.

John White, chairman of the
Democratic National Committee. said in an interview Friday: "I feel in him a sense of energy and excitement that I hadn't felt before. I thought he hit a home run in Los Angeles yesterday, and he did it again today with the bases loaded."

At the meeting, Mr. Carter said that the major goal of his administration was to rekindle a sense of idealism in the American people. "I would like to go out of office with a resurgence of idealism in our country." he told the audience. country." he told the audience which had been selected by a lottery conducted by the League of Women Voters.

Mr. Carter also announced that a White House conference on small business would be held in the next 12 months to deal with problems such as taxes and regulations.

### Markets Sought For U.S. Goods

WASHINGTON, May 7 (UPI)-Agriculture Secretary Bob Bergland departed today for the Soviet Union, Britain, Norway and a number of Eastern bloc nations on a mission to sell U.S. farm prod-

Mr. Bergland's first stop will be Moscow, where he will discuss trade relations with the ministers of agriculture, foreign trade and procurement. The visit also will include the twice-yearly conference on the Soviet-U.S. grain trade.

Mr. Bergland has told reporters

that in Moscow he will discuss whether the United States will offer the Soviet officials credit arrangements for grain purchases.

#### Sudan Chief Visits Iraq

BAGHDAD, May 7 (AP)-Sudanese President Gaafar Numeiri arrived in Iraq today on a Middle Eastern tour aimed at mending the Arab rift over Egypt's peace initia-



PEDDLING GOODWILL-President Carter's mother, Lillian, mounts an exercycle in a Copenhagen home for elderly to push international cooperation. It was an exchange visit arranged by Friendship Force, a Georgia organization sponsored by Mr. Carter when he was governor.

### Whereabouts Still Unknown

### Vesco Bid to Quit Costa Rica Reported

(AP)—A San Jose television station said yesterday that fugitive Ameri-can financier Robert Vesco has written President-elect Rodrigo Carazo offering to move from Cos-ta Rica if the government decides he is not wanted.

The station said the letter was dated May 6 and was signed by Mr. Vesco. In it, the writer denied any involvement in an alleged \$224-million fraud from the Geneva-based Investors Overseas Services mutual fund which he once headed. It asked the government to study his

case carefully.

Mr. Vesco has refused to return to the United States for questioning by the U.S. Securities and Excha nge Commission about the alleged fraud.

A charge brought by a Costa Rican alleging he was cheated of \$134,000 by Mr. Vesco was dis-missed by a judge last month, but the government appealed, creating thorities said Mr. Vesco did not enanother obstacle in his effort to ter those countries and Costa Rican gain Costa Rican citizeship.

'Clear Conscience' In the letter, the writer denied wrongdoing and added: "I never Shah of Iran and Empress Farah committed the famous \$224 million will visit Hungary and Bulgaria on fraud nor any other fraud amount- Friday, a court communique said

ing to a single penny. I ran giant yesterday.

SAN JOSE, Costa Rica, May 7 businesses with a clear conscience. with legal counsel from the United States and Europe of high reputation. I never knowingly violated a

single law."

Mr. Vesco, 43, also is wanted in the United States for an illegal contribution to former President Richard Nixon's campaign in 1972. He came to Costa Rica that year and later renounced his American citizenship. The U.S. Justice Department has been unsuccessful in several attempts to extradite him.

The letier did not disclose Mr. Vesco's whereabouts. Costa Rican immigration officials said he flew to Panama last Sunday in a chartered plane and that he planned to visit the Bahamas and Venezuela on business before returning to Costa Rica. He left Costa Rica on a 75-day travel permit after after posting \$34,000 bond in

Panamanian and Venezuelan au-

the fraud case.

### Shah Visit Announced

officials believe he is now in the

Mr. Carazo, who takes office tomorrow, has said he will eject Mr. Vesco from Costa Rica, and last week he testified against grant-ing him citizenship. The national legislature also went on record opposing his citizenship.

The letter to Mr. Carazo said: "It is said that meetings have been held between high members of your luture government to plan my expulsion from Costa Rica without true

legal process.

"Even though the idea seems unlikely, given the political passions that have evolved against me I would like to communicate to you and to the nation my personal anxiety in the matter."

The writer asked for time to "finish pending legal affairs so as not to be denied the opportunity to defend myself before Costa Rican

#### Hungarian in Rome

ROME, May 7 (AP)—Hungarian Vice-Foreign Minister Janos Nagy arrived in Rome from Zurich today for two days of talks with Italian Foreign Minister Arnaldo Forlani and other government officials.

Boom in U.S. Beauty Schools Linked to Federal Aid

HEW to Begin Special Review

cording to federal records, enough to cover 181 students.

WILKES-BARRE, Pa., May 7 (WP)-In this city's classified directory, an advertisement for the Empire Beauty School contains the unusual bold-face notation: "Government Grants Available."

In fact. Empire promises prospective students with the urge to be beauticians that "We will assist you in securing federal grants, fi-nancial aids and loans."

Federal money has been a major ingredient in the recent prosperity of the 22-year-old Pennsylvannia beauty-school chain which has headquarters in Portsville.

in 1972. Congress passed the bil-lion-dollar Basic Educational Opportunity Grant program which made federal funds available for the needy to attend privately owned trade schools, such as Empire.

Retrenchment

Until then, Empire had been retrenching, and its student rolls shrinking. In 1974, when the 17-school chain became eligible for the basic grant program, it had 846 students and tuition was \$1,020. That first year it received \$170,000, ac-

By last year, Empire was authorized almost \$1 million in federal funds to cover about 900 students.

Records of the Department of Health, Education and Welfare indicate that attendance was up to 1,700 and tuition was \$1,300. In a booklet designed for pro-spective students, Empire says that each federal aid program is differ-ent. The school makes an evalua-tion of the individual, privately and

impartially."
"You don't have to be poor to get financial aid is a key state-ment." the book tells its students.

referring to federal programs. "Family income." according to the booklet, should be "middle to upper-middle income or less" to be eligible for grants. But it adds. Students from families with higher income should speak with the fi-nancial aid officer at the school."

"Many of our schools would not be in existence today without grants." Empire's administrative manager George Schaup said. He claimed that "the education we give is superior to that which [public]

vocational schools give."

The growth of Empire illustrates a national beautician school boom. The 1972 law "opened the floodgates," said Mark Lomery, of the Cosmetology Accrediting Com-

mission. "Growth since then has been phenomenal," Mr. Lomery said. His organization, whose accredita-uon makes a school eligible for federal funds, has grown from 200 schools in 1972 to 1,069 this year.

Of 76,531 students enrolled in accredited beauty schools in 1976, according to Mr. Lomery, 40,000 were receiving federal grants or

loans.
With 20,000 students attending nonaccredited cosmetology schools, the output of trained beauticians appears to be far outrun-

#### **Execution Delay** For Alabamian

MONTGOMERY, Ala., May 7 (AP)—Convicted murderer Johnny Harris cannot be electrocuted when his 60-day stay of exeuction expires Tuesday, the clerk of the State Su-preme Court said.

J.O. Sentell said Friday that the court must set a new execution date for Harris before he can be put to death for the slaying of a prison guard during a 1974 riot. The Harris case has gained the

attention of Soviet journalists, who have portrayed the black inmate as a human rights fighter who has been persecuted by the state

ning demand, according to Labor Department figures. The federally financed beautistanding much good could be done in the vocational sectors," he add-

cently that the federal programs

were "oriented to provide access or choice" to needy students for fu-

But, Mr. Kornfeld said, some proprietary schools have told prospective students. "Come to school, it will cost you nothing [because of federal funds] and then they paint a beautiful picture for tomorrow."

Strike Persists

On Costa del Sol

MALAGA, Spain, May 7 (AP)— An estimated 50,000 hotel and res-

taurant employees on the Costa del

tourists without hotel services, in-

Leftist-dominated labor unions,

Labor sources said that more

fected by the striking workers.

**Greek Road Deaths** 

Most in W. Europe

an country, the Greek insurance

company union announced yester-

cluding meals.

cian boom has not gone unnoticed But now. Mr. Gaul said, there is concern "that many things may be out of hand. We are about to begin HEW's deputy commissioner of education for student financial assistance. Leo Kornfeld, said rea process of review and evaluation

of all the grant programs."

At HEW, sample audits last year rected by the department's Office of Inspector General found problems in more than half proprietary schools reviewed. Beauty schools were particularly ques-



The last word in sterling silver

day.

Belgium is second. West Germa-PARIS 8° 131 bd Houssmann Tél. 359 47.50 ny and France are third; Britain CANNES has the lowest proportionate num-ber of road fatalities, the announce-61 rue d'Antibes. Tél (93) 39.36.86

# **Programmed Printer's Craft**

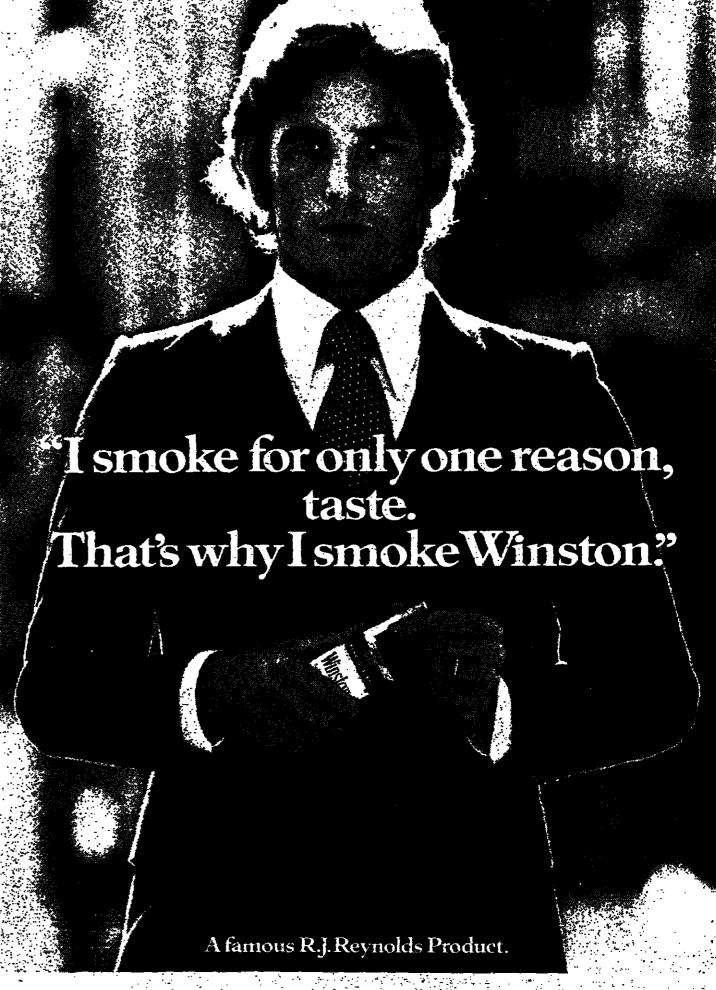
When Hermann Berthold inaugurated his letter foundry in 1858, the idea to offer the printers durable rules instead of the processes used up to then became a world success. The latest model of an outstanding product range is "berthold ads 3000," the total concept for composing origination, with keyboard, computer, visual display screen and floppy discs. To be able to show this high technical level, about 100 of the 900 Berthold employees are concentrating on research and development. Research and development programmes are supported in Berlin where

middle-sized companies recently established

operate just as successfully as important international firms. For information on investment incentive programmes, promotion of research and development, tax advantages and additional possibilities in Berlin, contact: Der Senator fuer Wirtschaft 119/78,

invest produce in Berlin

Martin-Luther-Strasse 105, D-1000 Berlin 62, Telephone: (030) 783 81 57, Telex: 01-83 798.



IT'S A CROC—But whether it's male or female we'll leave to experts. In any case, the Indian ghasial crocodile emerging from its four-inch shell at Saktosia Gorge, India, is the offspring of a UN program to re-establish the endangered species. Seventy-one baby crocs have been released so far.

Cigars, Pipes Now; Cigarettes Later

### U.S. Said Planning Flight Smoking Ban

By Tom Redburn

LOS ANGFLIS May 7-The Civil Aeronautics Board will issue a final order soon banning the smoking of cigars and pipes on U.S. commercial airliners, according to informed sources

In addition, the sources said Friday, the board will move toward eventually eliminating eighrette smoking on airliners as well The han on pipe and eigar smoking would take effect within 60

Vietnam Is Restoring

days after the order is issued.

Dien Bien Phu Site BANGKOK, May 7 (AP)-Vietnam is restoring the battlefield of Dien Bien Phu, where 24 years ago

Vietnamese forces overwhelmed a

French garrison.
The Vietnam news agency said today that plans were under way to restore buildfield relies, build a victory monument, a museum, a tourist hotel and an airfield

destination

mexico

....@Scape

to the sun

for your next holiday. Mexico's

Mazallan (the pearl of the Pacific),

Ixtapa-Zihuatanejo, world-famed

the modern architecture and

City, the capital. Throughout the

al! categories whose restaurants serve delicious local specialties as

change course - head for Mexicol

Mexico is now less expensive

Numerous daily flights

link Europe with Mexico

'Last November, the CAB in-velers signed the petition, the instistructed its staff to draft an order prohibiting eigar and pipe smoking on airliners, but because of the intense controversy surrounding the issue, it was delayed months beyond the normal time. There had been speculation that the board

had quietly dropped the matter. Currently, most airline flights divide smoking passengers from nonsmokers by providing separate sections for each.

According to a CAB source, let-planes, ters on the question received by the board have been running 4 to 1 in

favor of eliminating all smoking. The Tobacco Institute, the lobbying and public relations agents of the tobacco industry, circulated a petition earlier this year opposing the suggested ban and suggesting instead that smokers be placed on one side of the aisle and nonsmok-

ers on the other.
"Each smoking and nonsmoking passenger," the institute said, "deserves equal comfort, service, freedom from engine noise and access to exits." More than 130,000 tra-

tute said

According to sources, the CAB will solicit further comments and may hold public hearings before determining whether to ban cigarette smoking on airlines. A possi-bility is that the board may decide to eliminate smoking entirely only on relatively short flights.

The order banning pipe and ci-gar smoking also will eliminate cigarettes on smaller nonventilated

than two years ago by an antismoking organization called ASH (Action on Smoking and Health) that has long lobbied for restric-

tions on smoking in public places.
ASH contended that separate aircraft sections for smokers and nonsmokers were not adequate to protect nonsmokers from what it called the objectionable effects of tobacco smoke.

Opponents of the ban argued that it was an unnecessary restriction on the freedom to smoke. Los Angeles Linus

FBI May Have Renamed Its Informants

Many Reporting on U.S. Dissidents

By Bob Warden formation to the bureau. As recent-ly as 1975, there were more than CHICAGO, May 7 (WP)-Festimony by a high-ranking FBI offi-cial in a civil suit here indicates 1.300 such persons and Mr. Adams said that the number still might be that high but "it doesn't appear to

that the bureau may have many more persons providing informa-tion to it on suspected U.S. dissi-dents than William Webster, the new FBI director, asserted last Associate FBI director James

Adams testified in a sworn deposi-tion before the U.S. District Court here in March that parts of the hureau's domestic security intelligence operation were renamed more than a year ago, although their basic function of furnishing information on U.S citizens was

Declaring that "We are out of the business of investigating organ-izations simply because they say things that are unpopular in this country." Mr. Webster said Wednesday in a speech before the American Newspaper Publishers Association in Atlanta, that the FBI now has only 42 "domestic se-curity informants." That is fewer than 8 per cent of the 535 who, according to a recently released sworn FBI statement, were working

Nationwide Network

However, Mr. Adams acknowledged at the March Chicago hear-ing that the FBI still has a nationwide network of persons who never were classified as "informants" but

similarly reclassified. Mr. Adams said, but it would have been a "rare In April, 1976, the attorney

of his regular husiness. Mr. Adams also said at the Chi-

cago hearing that it is "possible" that one-fourth or more of the 535

informants active two years ago are still reporting to the FBI but are no longer classified as working in the

domestic security area. These infor-

mants, he said, are assigned to such organizations as the U.S. Commu-

nist party and have been reclassi-

fied as "foreign counterintelligence

Rare Occurence

Other informants may have been

general's office tightened restric-tions on FBI domestic security in-vestigations in the face of accusa-tions that the FBI had conducted widespread illegal wiretaps and burglaries against suspected U.S. dissidents.

However, guidelines on investigations against those suspected of participating in foreign intelligence cases, if they exist, are classified. Also classified are the number of agents and informants engaged in foreign counterintelligence opera-

In the Atlanta speech, Mr. Webster said that there are 1,789 informants reporting on general crime activities and 1,000 reporting on or-ganized crime, in addition to the 42 domestic security informants. Mr. Webster mentioned neither

who provide domestic security in- the current activities of persons formerly classified as confidential sources nor the extent of operations reclassified from domestic security to foreign counterintelligence.

An FBI spokesman said last

week that a comparison of Mr. Webster's numbers with those of These persons formerly were des-Mr. Adams was invalid because the reclassification had so complicated ignated as "confidential sources" but now have no formal designathe figures that an analysis of them was like comparing apples and according to Mr. Adams. In tion, according to Mr. Adams, in FBI jargon, an "informant" is someone who takes an active role to gather information, such as infil-trating an organization, while a "confidential source" was someone such as a college official or bank employee who merely passes along information gathered in the course of his regular business.

### Saudi Leader Sees Rise Soon In Dollar Value

BEIRUT. May 7 (AP)—Crown Prince Fahd of Saudi Arabia pre-dicted that the value of the U.S. dollar will begin to rise next month and reaffirmed his country's opposition to increasing the price of oil, a Beirut newspaper reported yester-

In an interview with Al Bayraq. the Crown Prince said that advocating an increase in oil prices when the dollar is falling is not a solution. Should the dollar deteriorate to the lowest level, it means the entire world economy would

deteriorate, too, he said. The interview with the newspa-per's publisher. Milhem Karam, coincided with the opening of a conference in Taif, Saudi Arabia, of oil ministers of the Organization of Petroleum Exporting Countries to consider the price issue.

certainty of an East German prison

for nine months with humor and mental calisthenics. He even began

looking forward to eight-hour inter-rogation sessions, which were bet-

The 22-year-old former Bible-camp counselor had been sen-

tenced to 2½ years for trying to smuggle an East German family to

Thompson, who was released from

U.S. penitentiary in Pennsylva-

nia. East German attorney Wolf-

gang Vogel helped arrange the trade. He arranged a similar one in-volving U-2 pilot Francis Gary Powers in 1962.

For three months, five days a

week, eight hours a day, Mr. van Norman said here; he was ques-tioned by a German-speaking man. Mr. van Norman sat in a corner.

his back against a wall, and listened.

"Finally I said: 'Mr. Ed. the talk-

said. Japan and Alberta [a Canadi-

an province are planning to roll up Russia and send it to Mars.' They

room. Mr. van Norman reviewed

the day's questioning, trying to

make his story airtight.

You didn't like it when they

didn't like it when they were quiet.

either. That meant they were trying

to nail you, digging up new infor-mation from somewhere." he said.

Attempt Failed

what he knew — including the names of the people who ap-proached him at a Lutheran retreat

in northern England in 1976 and

asked him to help get Dr. Juergen

Grafe, his wife and son out of East

Spill Held Minor

terday. A government spokesman said the resulting oil-slick did not constitute a major pollution haz-

Rescuers who went to the scene nine miles off the coast of Norfolk,

said all that crew members were

The crew of a Royal Air Force helicopter reported that an oil slick

about a quarter of a mile long and

an eighth of a mile wide was drift-ing northwest, parallel to the Eng-lish coast. The oil has seeped from

the severed front half of the 12,680-ton tanker Eleni V. Tanks contain-ing 8,000 tons of oil in the rear sec-

tion of the tanker are believed to be

partment of the Environment said-some oil was bound to come ashore

from the collision, but he added:

"We don't consider this a major pollution incident."

The other ship involved in the collision was the 16.023-ton French-registered merchant vessel

A spokesman for the British De-

safe and unharmed.

intact.

Mr. van Norman tried to hide

Back in his 9-foot-by-12-foot-

asked me if I would sign that."

as a woman interpreted.

the West in the trunk of his car.

ter than lying in his cell.

His remarks in support of the dollar and in favor of holding down prices also comes as the U.S. Congress debates President Carter's controversial proposal to sell Saudi Arahia 60 advanced F-15 jet fight-ers, along with the sale of planes to Fgypt and Israel.

Crown Prince Fahd based his op-He was exchanged last week for convicted Soviet spy Robert

timistic forecast for the dollar on measures he said were being taken by West Germany, Japan, Switzer-land and the United States, which he said was now selling large quantities of gold in the market.

### The action was instituted more two years ago by an anti-Failure in Army System

mittee, concerned by the all-volunteer army's failure to attract enough recruits, has told the Pentagon to begin studying other ways to do the job, Sen. Sam Nunn, D-Ga.

Attrition rates have risen sharply, the committee report said, and reserve force levels are dangerously below emergency requirements. liven an immediate resumption of the draft system would take precistrength, it said.

Given the strain necessary to atract the current numbers of recruits and the larger incremental costs of increasing force levels," the report said, "it should be clear that the all-volunteer force is a peacetime concept that is not now providing sufficient numbers of reserve personnel and would be hard pressed to provide additional numbers of active recruits should the national security require an expan-Sen. Nunn. chairman of the manpower and personnel subcommit-

### Carlists March To 'Holy Mount' Without a Ban

PAMPLONA. Spain. May 7 (UPI)—Spain's Carlists — a leftist monarchist movement — today held their traditional pilgrimage to their "holy mountain," commemo-rating the day in full freedom for the first time since the 1936-1938

ported as the pilgrims, many of them wearing red berets and carrying the white Carlist flag and a standay classification system and ways to improve recruiting ing the white Carlist flag and red, white and green Basque flags, climbed Montejurra mountain to hear mass, remember their dead

who was allowed to return from ex-ile last year, led the procession. In previous years, he flew over Montejurra in a small plane as his fol-lowers held the pilgrimage despite the ban, often harassed by police

and rightists.
The Carlists split from the mainstream Borbon dynasty in the 19th Century. They sided with Franco in the civil war, but turned against him when he picked Juan Carlos as the heir to the throne.

Under the influence of Carlos Hugo and other leaders, they have increasingly turned to the left. But Carlos Hugo recently dropped his pretension to the throne and was received by King Juan Carlos. The two are distant cousins.

WASHINGTON, May 7 (UPI)—tee, said that 40 per cent of the en-listed personnel—240,000 m fiscal nuttee, concerned by the all-volun-"They kept asking. 'Who sent, you?' " he said. ing horse. They got angry with me, and said. Tell me about the plan. I their first term of military service.

Below Emergency Needs

The Individual Ready Reserve is 400,000 helow emergency person-nel requirements and the selected reserve is 47,000 below authorized

"For our reserves, the all-volun-teer force is a dismal failure," Sen, Nunn said in a speech prepared for the Georgia National Guard Asso-

ciation on Jekyll Island, Ga. In Washington, Sen. Nunn re-leased part of the committee's report that was added to the defense

authorization bill. "The committee continues to be concerned over the ability of the active military to attract sufficient numbers of high quality recruits . . . the reserve forces are encountering even greater problems . . . there are critical shortages of doctors and other skilled personnel in both active and reserve components," the

committee said. Collision Splits Even a revival of the draft machinery that was all but dismantled by the Ford administration would Greek Tanker; he slow, the committee added.

The current inactive Selective Service System could only begin to provide draftees in limited numbers for initial assignment to units seven months after mobilization - a period so long as to raise serious questions about our capabilities for an intense war without warning."

The committee said that the Pentagon should study alternatives including: Improvements in the effectiveness and fairness of the draft, a new standby draft which woold include mandatory registration, physical and mental tests of

### Italian Is Fined and listen to speeches. Prince Carlos Hugo de Borbon. In Salami Case

MILAN. May 7 (AP)—Ambrogio Molteni. co-owner of a large salami company and involved in a case of rotten salami exports has been sen-tenced by a local court to pay a fine of 2.5-billion lire (\$2.7 million).

The industrialist was convicted of smuggling but was acquitted of more severe charges of forgery and fraud, thus avoiding prison terms. Mr. Molteni was tried in absen-

tia since he has been hiding in Switcerland since an arrest warrrant was issued two years ago. The case concerned exports of salami made with excrement. The rotten salamis were not for sale. It was a trick for receiving government export bene-

Earthquakes Hit Iran TEHRAN, May 7 (AP)-Iran radio reported early today from Ar-debil near the Soviet border in northwest from that several earth-

### WRITERS WHY WAIT? **PUBLISH YOUR**

quakes rocked the town but caused no damage or casualties.

WINDOM, Minn., May 7 (AP)— Alan van Norman, a U.S. student, fought off the monotony and un-Germany. The attempt failed, apparently because road scales detected the extra weight in Mr. van Norman's car.

LIGHTNING ROD-This strange-looking hot rod is a tricycle built for speed. Designed by

students at Northrup University in Los Angeles, the two-person tricycle reached a speed of 50.21 miles an hour at the 4th Annual Human Powered Speed Championships at Ontario

(Calif.) Motor Speedway. Jan Russell was up front and Butch Stinson in the afterburner.

Held for 9 Months

During his nine months in prison. Mr. van Norman did not see many people: the guards, eventually a recommate, a lawyer and a U.S. counsel. Human contact was a privilege, as were showers, books, a German-English dictionary, a walk around a small yard and choco-

He read books, played chess and

Student Tells of Life In E. German Jail wrote letters home, trying to get humor through the censors so that his family would know his mind was okay. And he looked forward to re-

turning to college biology and therlogical study.
"I had resolved that I was going to prison for 212 years and wanted to make the most of it. I didn't try to think about when but about what I wanted to do with my life. I knew I would come out sometime. I knew I could stick this thing through." he said.

Elephant Kills Its U.S. Trainer; 2d Seized After Fleeing Circus

ROCK FOREST, Quebec, May 7 (AP)-An elephant trampled its U.S. trainer to death during a circus performance and another elephant that fled into a nearby forest in panic was recaptured

yesterday, police reported.

A police sharpshooter killed the first elephant Friday night while it stood over the dying trainer. Eloise Berchtold, 42, refusing to let handlers approach. The second elephant, terrified by the screams of about 250 spectators, ripped through the circus tent and ran up the main street of this small town 100 miles east of Montreal and into

nearby woods. Police and circus workers ringed the animal and held it at hay for 16 hours until animal importer Morgan Berry, of Woodland, Wash., New here. The elephant immediately responded to Mr. Ber-

ry, who had raised it, and was led back to the circus grounds. Mrs. Berchtold, also of Woodland, apparently slipped and fell during the Gatini Circus performance and the 6,000-pound elephant walked over her, according to a police spokesman. Circus workers tried several times to remove her body but the elephant would not let anvione near.

Speciators were evacuated from the tent while police summoned a veterinarian. Several tranquilizing darts were fired but had a maddening effect on the animal, the spokesman said. Then the

### **U.S. Court Bars Canadian Boats**

fishermen have won a temporary injunction blocking Canadian hours from fishing in Pacific coastal waters off the U.S. District Court forter for the U.S. District Court for the U.S. District C Court Judge Donald Voorrhees

### **London Times** Warns Unions Of a Shutdown

LONDON, May 7 (AP)—Times Newspapers Ltd. has warned lead-GORLESTON, England, May 7 (AP)—A. Greek tanker carrying 12,000 tons of oil was cut in two in a collision with a French ship in the ers of printing unions that it will shut the Times and the Sunday Times within two months if unofficial strikes continue to disrupt pro-North Sea off eastern England yes-

A spokesman for the company yesterday confirmed the ultimatum fter a day of gossip about it in Fleet Street, Landon's newspaper uarter.

Sources at the company said the management wants new agreements covering dispute procedures, wages, technology and staffing completed by November. Some of the factors in past disputes have in-volved staffing levels, wage dif-ferentials and demarcation fights between different unions. Union

Labor disputes in the London plant cost the two newspapers a to-tal of 8 million copies — 20 per cent of their output — in the first three months of this year and the equivalent of £1.750,000 (\$3,237,000) in profits.

restiveness springs largely from fear that new machines will dis-

place scores of workers, the sources

#### China Chief Affirms Support of N. Korea

TOKYO, May 7 (AP)—Chinese leader: Hua Kuo-leng told 100,000 North Koreans today that the people of China and the whole world "are on your side" and denounced what he called the U.S. "policy of aggression and division" in Korea. Mr. Hua demanded that the United States withdraw all its troops and military equipment from South Korea and said that North Korea "is the sole legitimate sovereign state. We do not recog-

sovereign state. We do not recog-nize the South Korean authorities."

PORTUGAL

SEATTLE May 7 (AP)-U.S. stayed his order for seven days, un-

appeal.
U.S. authorities argued that the order would strain relations between the two countries. Canadian fishing hoats have been allowed to fish within U.S. waters since the early 1970s by reciprocal agree-

fishing limits imposed by both countries, but has not yet been ratified by Congress. The suit was brought against the Commerce and State Departments by the Washington Trollers Associ-ation and the Quileute Indian tribe.

ment between both governments. An agreement has been drafted be-

tween the two governments to con-

tinue the policy under the 200-mile

### **PARIS** amusements



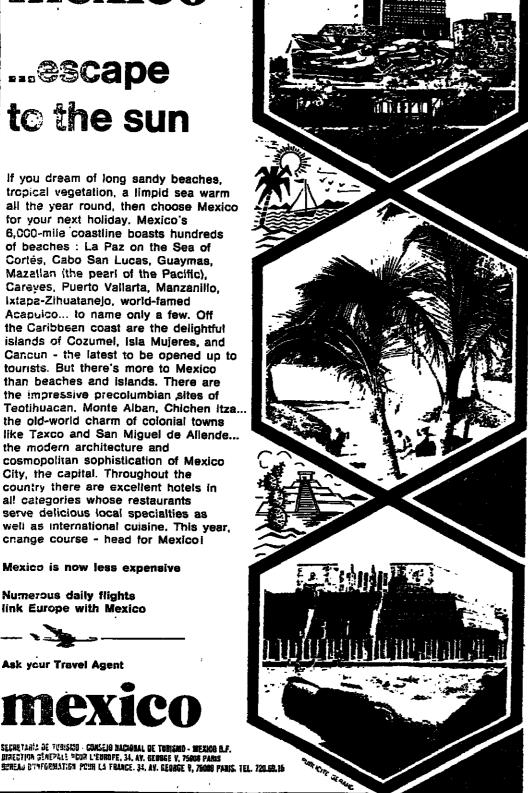




DIRECTION GENERALE BOUR L'EUROFE, 31. AV. GEORGE V. 75000 PARIS SEREAU D'AFGEMATIGN POUR LA FRANCE. 31. AV. GEORGE V. 75000 PARIS. TEL. 720.50.16

Ask your Travel Agent

SECRETARIA DE TURISCO - CONSEJO BACIONAL DE TRIBISMO - MEXICA R.F.







## 2. Your mother worries. (Another good reason to call home.) An international call is the next best thing to being there.

So Oyster Bay Rd., Highgood, N.Y. 1185 (516) 822-5790 (212) 695-0081

مكنامنالكمل

### Mondale in Australia for Talks on Refugees, Uranium

CANBERRA, May 7 (AP)—U.S. from the base to the lakeside hotel in downtown Canberra, where the Australia today for talks likely to Mondales are staying, were heavily another towns to talks with Australian Prime Minister Malcoin trainin beet quotas to the United States with the vice-president, the Vice-President Mondale arrived in Australia today for talks likely to center around the increasing flow of Vietnamese refugees into Aus-tralia and export of the country's

uranium deposits. Mr. Mondale flew into the Austrahan capital aboard a presidential jet with his wife. Joan, and son, Ted, accompanied by officials and 44 security men, after visiting the Philippines. Thailand and

Mr. Mondale's arrival coincided with that of two more Vietnamese refugee boats in the northern port of Darwin, the latest in the stream of refugees that is causing the Aus-

tralian government serious concern. The latest arrivals, with 70 persons aboard, make a total of 41 houts and more than 1,200 refugees who have arrived on Australia's unguarded northern coast in the last three years.

#### Officials Fear Disease

Australian officials have expressed fears that such uncontrolled immigration could spread rables, cattle virus, malaria, typhoid and cholera, diseases from which Australia is now free. Australia would like to see the

United States take more of the Vietnamese who arrive in Austra-Mr. Mondale was met at the Canberra Royal Australian Air Force hase by Australian Foreign Minister Andrew Peacock and U.S.

Ambassador Philip Alston. Unprecedented security rounded the vice-president for his 7.45 p.m. arrival. Bridges, intersections and buildings along the route

### Errett Scribner, Representative Of Kansas, Dies

COCOA BEACH, Fla., May 7 (AP)—Errett Scribner, 80, who represented the Kansas City, Kan., area in the House of Representafives for 15 years, died Friday.

Rep. Scribner was elected to Congress in 1943 and was the ranking Republican on the House Military Appropriations subcommittee. He also was one of the authors of the GI Bill of Rights and is credited with introducing the first revenuesharing proposal, foreshadowing the legislation that passed nearly 25

years later. In 1958 he was appointed assistant deputy secretary of defense by President Dwight D. Jusenhower.

#### Stefan Peterfi

MEXICO CITY, May 7 (AP)-Stefan Peterfi. 71, one of four Romanian vice-presidents, died vesterday of an apparent heart at-tack at the Mexico City airport while waiting to hoard a plane, a spokesman for the Mexican For-Men Ministry said

Mr. Peterfi was the highest repreintative of Romania's Hungarian unority of 1.7 nullion and a noted nentist. He was elected chairman list March of a newly set up Coun-'il of the Working People of Ma-gyar (Hungarian) Nationality, following reports of alleged official suppression of Hungarian and other minorities

### Manzo Nomura

TOKYO, May 7 (AP)-Manzo Nomura, 79, honored as a living national treasure for his performances in traditional Japanese Kyogen comedy, died of cancer vester-

#### Kyla Obit SANTA MONICA, Calif., May

7 (AP)—Pioneer modern dancer Maya Kyla, 68, who studied under Martha Grahame and Agnes DeMille, has died here.

### Roberto F. Giusti 3

BUENOS AIRES, May 7 (AP)-Roberto F. Grusti, 91, a literary entic, politician and author of more than 20 hooks, died here last night.

### Passman Weighs Plea Bargaining

ALIXANDRIA, Va., May (UPI)-A lawyer for indicted former congressman Otto Passman vesterday said that plea-bargaining arrangements have been discussed, but nothing definite has come of

He said that Mr. Passman reject ed a Justice Department offer to drop some charges against him if he would plead guilty to a felony. Mr. Passman, 77, was indicted March 31 by a federal grand jury in Washington on charges that he conspired to receive \$213,000 in illegal payments from Korean businessman Tongsun Park from 1977 no 1976. He was indicted again April 28 on charges of evading more than \$77,000 in taxes by fail-ing to report \$143,000 in income.



Parade Platz 8022 Zurich Telephone 01: 211.53.60 Telex 52 845 savoy ch.

The Australian government has stepped up its internal security measures since the February bombing of the Sydney Hilton during a, regional Commonwealth heads of government meeting. Three persons, all city council workers, died in the blast

Fraser and the Australian Cabinet.

Apart from a wreath laying ceremony and a dinner with Mr. Fraser at his official residence tomorrow might, Mr. Mondale has no other tas at a time when the Australian

then lunch with the U.S. ambassas first high ranking member of the Carter administration to visit Aus-

The US Congress is debating ngagements before his departure, beef industry is suffering a serious

Israeli war Given Israel's military

superiority over any combination

of Arab forces, this appears remote.

but it is a hypothetical operation that is accorded high priority by

The sixth of the unthinkables

that Adm. Train and his staff must

think about is a conflict in the Mid-

dle Last that involves the Soviet

Union and Saudi Arabia or the

Gulf states or Iran, separately or

strategic considerations, Comdr.

James Eyer took the view that his

anything tough to do and they do

it Sometimes I don't think the

Back on the Forrestal, a master

chief petty officer named Bair, in-

evitably known to irreverent sailors

as Yogi, was concluding his nightly

appearance on closed-circuit televi-

sion. "You have to stop wearing

necklaces and watch where you

throw Pepsi-Cola cans," he told the crew, alluding to the more relaxed

discipline of the Navy nowadays.

"But you did very well in the flights

today. Keep it up. It's just called

professionalism'

country deserves such kids '

On the Avivin, far from these

the mission

collectively.

Sailors Ready for War

### Sixth Fleet—Just Professionalism' By Drew Middleton to the fleet at present all nuclear force commanders appear to doubt

By Drew Middleton ABOARD CARRIER FORRES-TAL, in the Mediterranean, May 7 (NYT)-A Phantom fighter-homber roared down the flight deck into the morning sun. The day's work

The Forrestal plowed through the mist. On the horizon the frigate Aviwin, one of its escorts, bounded on the swell. One by one, two by two and sometimes four at a time. aircraft swept off the flight deck, some to make simulated attacks on an accommodating Italian frigate, some to practice bombing techniques. A Hawkeye lifted an ungainly 37,000 pounds to take station as an intercept and early-warn-

ing aircraft. The crews on the flight deck were hard at work. Helmeted, clad in various colored shirts, they ges-tured to the pilots, slapped the deck and, when the aircraft was launched, fell on their bellies in the wreaths of steam from the cata-

#### Small Fire

The night before there was a small fire forward. The iron clamor of the bell sounding general quar-ters was followed by the clatter of hundreds of feet on the way to stations. The sailors came down the passageway, young, alert, running hard toward the fire

In the quiet of his quarters after the fire had been put out. Rear Adm. Robert Schoultz, commanding Carrier Group Two, listened approvingly as Capt. Peter Booth. the skipper, complimented the crew on its professionalism in an emer-

Sometimes at home you get sore when people say this generation won't work, won't fight," the admiral said. "You saw them You saw the way they work on the flight deck and in the engine rooms These are good hows:

The carrier group centered on the Forrestal is part of the Sixth Fleet. If "the kids are good," as the petty officers say, they had better be, for the fleet's mission is as challenging as any facing a US navalforce in peace. It is "responsible for conduct of naval operations as may be directed by competent national and-or NATO authorities to insure control of the seas and air Black Sea and ashore in countries few between London and contiguous to or near the Mediter-

### 8 Task Forces

23,000 to 25,000 in its crews, divid- City trains ed into eight task forces based on

and the Nimitz, and their crating are phased out escorts, cruisers, destrovers and frigates. The combined elements of two other task forces, 61 and 62. provide amphibious-landing capability. Task Force 62 includes a reinforced Marine hattalion sup-ported by tanks and guns, while Task Force 61 is made up of amphibious assault ships, attack tran-

sports and cargo vessels Nuclear-powered strategic submarines armed with Polaris ballistic missiles make up Task Force 64 Task Force 66 is the anti-subma-ring force, which coordinates all anti-submarine warfare in the fleet. and Task Force 67 is a shore-based group of anti-submarine and sur-Veillance aircraft. In Task Force 69

powered. Least noticed but indis- that the Sixth Fleet could handle pensable is Task Force 63, the service force that provides fuel, sup-

plies, annuunition and repair. to leave the frenche activity abourd the Forrestal for the flagship, the guided-missile cruiser Albany, is like going from the floor of the Stock Exchange to the boardroom of a bank

#### Oii Must Flow

Although Harry Train, the viceadmiral who commands the fleet. has the quiet, assured air of a corporation executive, when he sketches his command's responsibilities those responsibilities have larger dimensions. There are, he pointed out. 10 billion barrels of oil moving through the Mediterranean on any given day 50 per cent of the oil men and his ship were up to any consumed by U.S. pariners in the Morth Atlantic Treaty Organiza questions," he said, "but give them tion is refined in Europe and, Adm Train said, "the oil must get there"

That is only one of his concerns. There are six scenarios that he and, the fleet must be prepared to act. out in war, he continued

The first is to employ carrierhorne aircraft to support allied ground forces fighting an invasion of northern Italy by Soviet and other Warsaw Pact forces moving out from the Gorizia Pass from Eugoslavia. The second is to use aircraft and other resources to help NATO forces fighting a Warsaw Pact invasion from Bulgaria into Greek and Turkish Thrace, an invasion that, if successful, would givethe Fastern bloc control of the waterways leading from the Black Sea to the Mediterranean

The third scenario envisages air support of a land war after a Soviet invasion of eastern Turkes. Then there is the prospect of a naval war. independent of land operations Despite the growth of the Third Squadron of the Soviet Black Sca-Heet deployed in the Mediterranean, neither Train nor his task-

### **New Train Line** In U.K. Today

TONDON, May 7 (AP)-Braish within the Mediterranean Sea, the Rail will open a new service tomorburgh at speeds up to 125 miles an

hour The Inter-City 125 service will 8 Task Forces cover the 400-mile journey in 4 To carry out its mission the fleet hours, 52 minutes, 35 minutes fasthas 40 to 50 ships, 200 aircraft and fer than the current 100 mph Inter-

Tures will be the same as for operational requirements.

The cutting edge is Task Force powered trains will open the new 60, consisting at the moment of two service. More will be added as the attack aircraft carriers, the Forres- London-Ldinburgh trains now op-

#### U.K. Mice Embryos Survive Deep Freeze

LONDON, May 7 (UPI)-Scientists have successfully revived mice; embryos fròzen in suspended animation five years ago, according to

a London medical researcher Dr. David Whittingham, of University College London, told the Royal Society last week that mice frozen in liquid nitrogen as 3-dayold embrsos five years ago were: thawed out earlier this year and implanted into a female mouse. She veillance aircraft. In Task Force 69 gave birth to an apparently normal are the attack submarines assigned litter last month.

# Who flies 747s to all these US

**Boston** Detroit Honolulu **New York** San Francisco Seattle **Washington** 

With more 747s than any other airline,we fly you by 747 to all these US cities. So you enjoy more head room. leg room and space to walk about in Plus eight music channels,\* two films to choose from,\* three different menus in Economy Class and the only 747 First Class upstairs diningroom. (Be sure to book your table.) when you reserve

your scat.) PAN AM որդվահուց- ու Իսպայու Մե--

Pan Am's People

hurope.

Mr. Fraser also is expected to express pessimism about the state of world trade and what he sees as an increasing move toward protection-ism and high tariffs by developed countries, particularly the European Economic Community.

Mr. Mondale is reported to want to discuss Australia's uranium poli-cy, which is a major political issue in Australia. Recent discoveries in northern Australia have indicated Australia has one third of the world's easily recoverable high grade uranium.

The Australian government, however, has put strict conditions on its export, specifically that cus-tomers would have to guarantee that they would not reprocess reactor waste to plutonium, or use it for The fifth scenario calls for U.S. naval support of Israel in an Arab-

### Hummingbird Is the Latest Electric Car

OKLAHOMA CITY, May 7 (AP)—Another attempt at a practical electric car has been unveiled — the Humminghird. which has solar cells on the roof, no trunk space, a Volks-wagen Rabbit body and a

\$7.900 price. Leo Hassell, sales director for MJ Electronics, said his firm, working with Electric Passenger Car Inc., will have the Hum-mingbird on the market within

He said the car can be operated for about one cent a mile. The car can reach 65 miles an

hour, Mr. Hassell said. It has to he recharged every 50 miles or so, he said, although a recharger gasaline-powered — can be used while the car is running.
 The short range and the lack

of storage space — the batteries are in the trunk — means the Hummingbird is designed to serve as a city or second car.



BATTLE HARDENING—A young boy joins a group of militiamen training — with sticks in lieu of rifles — at an Eritrean Liberation Front camp near Mandefera in the Eritrean province.

### Eritrean Rebels Set to Fight Each Other

Beirut, May 7 (AP)—An Eritrean tionary Council (EL rebel group all but declared war on two other rebel factions today, despite the belief by all three groups that lithiopia is prearing to mount

a major offensive against them. The Popular Liberation Forces of the Eritrean Liberation Front (LLF-PLF) rejected an ultimatum by two other guerrilla factions to merge with them within two

This ultimatum is tantamount to statement distributed by the ELF-

tle. The aggressor will be made to

trean Liberation Front's Revolu- as saving.

tionary Council (ELF-RC) and the Ertrean Popular Liberation Front ship and join the unity movement

Those two groups agreed to unite and called on the followers of the

months or be crushed. a declaration of civil war, said a Menachem Begin's attitude to op-

PLF office here. "We shall not be the first to shoot." the statement said. "But we shall not shy away from doing bat-

pay dearly. The declaration was in reply to a tions," the television quoted the joint statement issued by the Erihigh school teachers and principals

#### **Begin Is Criticized** By Israeli Educators

JERUSALEM, May 7 (AP)-One hundred and lifty Jerusalem educators criticized Prime Minister posing viewpoints in a letter addressed to each of Israel's 120 par-

liament members, Israel television reported yesterday. This government refuses to deal with criticism and sees its critics as quarrelsome people with bad inten-

ship and join the unity movement within 60 days. "Otherwise, we shall crush you by force," said the ultimatum that has been broadcast daily by Sudan's Omdurman radio. The ELF-RC and the EPLF, the two groups that agreed to unite last

month, form a majority in number and equipment in the rebel move-ment. They advocate a Socialist system in post-independence Eri-Both accuse the ELF-PLF of

having a weak power base and of aligning itself with conservative

#### Vatican Beatifies Nun

VATICAN CITY, May 7 (AP)-Sister Maria Enrichetta Dominici. an Italian nun who lived in the last century and worked in India, was beatified today in a ceremony at St. Peter's Basilica.

# Westdeutsche Landesbank, a leading wholesale financing institute, achieves



West B's retyree emphasis on wholesale finance may both at fearne and also aid the atty strength. eried the Bank's market peration and Incorplate excellent results for the 1977 financial year. The Bank's group balance sheet total advanced by 13.5 per cent to DM 8.7.7 billion, with an after tax. supplies of DM 17.1 million. The Bank supremational cold the syndicate in 13 domestic USIS issues.

to title condition to participal up hading its wholly extra d1 (combound subsidiary WestEB litter) thats that S.A. is additionted substantially to the virtall sage conse-

West Bedeathar position action ostic and the Barn's rectorage relating may appear. The that all beautiful awardable transfer in received by around 1977 / Schillen Great Grant of DM 62.5 billion is Conditional to this west sales of sextillional the body control which resolves not and DM orbadministration of the DM 3.7 billion ries as well as a the teach in deposits from indicate, wellthe and event on state agencies and banks total of Child Chillians. The mediators confile after of that indicate World Barbarohee, who have respect 19, 42 Species Ch. US 5 669 crafton.

Violat Box as remarked for 46 syraticated bearing to being the source court inquired with 35 the of the resident. The Bank were also us the manager the transport of the American The Bank's vital the control of the Lauren of Lauren materials in the transaction of a period and a content of the fact. 2. Called Barris and a companion at 48.

the control of the both 1.78 DM control

private placements in DM. WestLB was in the remagement group of 51 public issues and prevate placements for Euro issues in other cur writins. The Bank also participated in 151 other. non-DM assues, and in the US it was a member le addition. WestLB played a dominant role in

It also was in the management of 10 of the 42

domestic DM loans to international fundavers on · a long term fixed interest basis. WestLB's strong. commitment to sound personal advice in the held ... of money management accounted for a continued: asternate that bear and was acquire or have either to uncrease in the placement of fixed interest of securities Informational institutional investors inc-Lieu lithing more and more from WestLB's preestiment position as market maker in-fixed interest

> car tunion in an exceptionally strong currency. foreign evoluting operations benefited from the ... Bank's cheral oriented advice amidst increasing. corency uncertainties international conjungicial banking a twites such as letters of credit, pay... ment transfers and export financing increased. substantially reflecting high quality and rapid .... herd Services and close contacts with regrespendents. Local cost financing facilities through the Bank stratemational network were also used --

extensively. Domestically the Bank enjoyed a probability legenerable uptern in long term Javanora per expendencients Long term buyers." credition or prinction with German export efforts. also showed an above average growth.

West Briegan 9478 by assuming complete. when doped the Heavy keing based morehant. bank AbiAC With its dynamic and flexible intercultoral capabilities. West Bespects to further editorapher of position as the Ethic world's \_= thap two leads brancing a strates.

A strong force in wholesale banking VVest\_B Westdeutsche Landesbank

مكنامن الأجل

Page 6 Monday, May 8, 1978

### Adventure in Angola

South Africa's paratroop strike at guerrilla bases deep in Angola must have been meant to appease hardline whites who condemn Pretoria's acceptance of a Western compromise for the independence of South-West Africa (Namibia). The raid also in effect notified the South-West Africa People's Organization (SWAPO), whose camps it hit: Accept the deal or risk a more savage war.

The Western plan calls for a cease-fire in Namibia, withdrawal of most South African forces and United Nations supervision of elections for a constituent assembly. SWAPO's leaders have hesitated to accept it. fearing that once they lay down their arms South Africa will renege and leave them helpless. After the South African raid, they may find acceptance politically impossible.

If SWAPO rejects the Western proposal. South Africa is ready with its own plan for Namibian independence, including a constitution that would guarantee a political veto to the new country's white community (12 per cent of the population); it would also prolong the protective presence of South African troops. That, we suspect, is precisely what motivated the strike so deep into Angola. And that is why, despite Pretoria's claims

of provocation, the raid deserves the strong condemnation of the international communi-

The action is also suspect on military grounds. SWAPO's 2.000 guerrilla fighters may annoy the South Africans but they pose no threat that justifies attacks on targets 150 miles north of the Namibia-Angola border. South Africa has merely provided one more justification for the presence in Angola of Cuban troops.

South Africa's raid came on the heels of a special session on Namibia in the United Na-tions General Assambly, which four years ago recognized SWAPO as the "sole and authentic representative" of Namibia's peoples. The assembly took no formal notice of the Western efforts to find a compromise for independence and contented itself with a ritualistic appeal for "comprehensive economic sanctions" against South Africa.

More useful would have been a descent from these glades of rhetoric to the stony ground of real politics and a bid to SWAPO to accept the Western proposal before South Africa completely undermines the solution it claims to have bought.

THE NEW YORK TIMES.

### Peace-Keeping in Lebanon

The incident in which three United Nations soldiers were killed in southern Lebanon the other day goes to the heart of the problems the international community frantically thrust upon the world body when Israel intervened in Lebanon earlier this year.

To induce the Israelis to withdraw, something had to be done to prevent Palestinian guerrillas from easily resuming from southern Lehanon the raids into Israel to which Israel had responded by its invasion. The United Nations, which was keeping peace already on Israel's borders with Syria and Egypt, was hastily recruited. If people had focused sharply on the difference in Lebanon, however, one wonders whether the United Nations would have been assigned the job.

In those other places, very fine-grained agreements were worked out before the peace-keeping units were sent, and the established governments that worked out the agreements accepted responsibility for putting them into effect. In Lebanon, almost none of the detail was worked out in advance and, most important, on the Lebanese side there has been no single established authority with which Israel and the United Nations could deal. The Lebanese government's writ simply does not run in southern Lebanon: it has no army to speak of. The Palestine Liberation Organization claims to speak politically for all Palestinians, but it lacks operational control over diverse Palestinian units and individuals in the area. That is the swamp the United Nations is in.

In the incident Tuesday, Palestinians apparently not under the control of the PLO shot up a UN contingent. The PLO, which has vowed to cooperate in the particular issue of the safety of peace-keeping personnel.

set out after the offending guerrillas. But, meanwhile, the UN contingent reduced its patroling, thus raising the critical question of whether it is or will become a UN practice to retreat under guerrilla intimidation or whether, as one must hope, the peace-keeping force was merely making a limited and temporary adjustment.

On Wednesday the Security Council reaffirmed its confidence in the peace-keeping potential by deciding to add 2,000 men to the 4,000 already on station. The fact remains that in undertaking to ensure the "peaceful nature" of the border area, the United Nations has tackled a project that the Lebanese government, the Christians of southern Lebanon and their patrons, the Israelis, had not previously been able to perform. Indeed, under the best imaginable circumstances the United Nations could not expect to stop every infiltrator, given the terrain; nor to prevent guerrillas in the zone to the north from firing long-range guns at Israeli border villages; nor to halt Palestinian raids launched by sea from places like Tyre, a Palestinian redoubt that even the Israelis were loath to take on. In the circumstances, the Israelis have reason to want to see their nemesis, Yasser Arafat, tighten his authority over the undisciplined extremist elements in the Palestinian movement, as unwanted by Tel Aviv as the political results of that tighter control might be.

The United Nations is working on a military aspect of a problem whose essence is political. It is the Palestinian problem. No tranquility will come to southern Lebanon, or to Lebanon as a whole, or to Israel, while the legitimate grievances of the more moderate Palestinians are unresolved. That may not offer much consolation to the UN forces under fire. But it should remind the parties to the peace negotiations of the perils that lie ahead if no progress toward a comprehensive Mideast settlement is made.

WASHINGTON POST.

### International Opinion

### The Two Germanies

One of the subjects nearest the center of Mr. Brezhnev's preoccupations in Bonn this week must be relations between East and West Germany. This remains the heart of the European problem ...

In West Germany there is no significant interest in reunification, if only for the simple reason that life is not at all bad as it is.

The situation in East Germany is less predictable ... There have been growing symptoms of social and political stress. None is serious enough to threaten a breakdown of order, especially with about 20 Soviet divisions in occupation ... The difference in living standards between the two parts of Germany is widening ... Unless the East Germans can offer a reasonable prospect of narrowing the gap with West Germany the expectations aroused by open exposure to the wealthier and freer life of the west will remain a constant source of trouble and a stimulus to thoughts about reuniting the two states.

From the Times (London),

### Lockheed Sale

They do not love us in Hartford, Connecticut. Mr. Harry Gray, chairman of Pratt and Whitney, the U.S. aero engine makers, is protesting about the success of the British in winning a contract [to sell Rolls-Royce engines to Lockheed for its TriStar airlines] ...

We are very fond of the Americans and want to do as much trade with them as possible. Indeed we want to sell them more engines. But it is plain ludicrous of American businessmen to start grizzling about hard

selling with government guarantees behind it. The Americans themselves created a Buy American Act which required work in certain fields to be awarded prescriptively to U.S. companies unless foreign rivals could undercut their tenders by 50 per cent ..

It is rather enjoyable for the British to be accused of cutting corners and aggressive commercial practice. We have spent far too long as perfect gentlemen not trying very hard to win. The linep and passive image of the British, as other people with sharper elbows passed us on the inside track, ought to

From the Daily Express (London).

### In the International Edition

### Seventy-Five Years Ago

May 8, 1903 GENEVA-The chief medical officer of the United States Army, Brig. Gen. O'Reilly, and his staff will visit Switzerland early in the summer for the purpose of studying Swiss hospital meth-

ods. A prolonged tour is projected, including the

principal towns. An elaborate report will be pre-

pared, and the medical profession here is plan-

ning a big reception for the foreign guests and will afford them every facility.

water that the property and the second

#### Fifty Years Ago May 8, 1928

PLYMOUTH-Six German deserters from the French Foreign Legion were landed here today hy the Dutch steamer Commewyne instead of at Havre, where it was feared they might have been recaptured by the French authorities. They boarded the steamer in Paramaribo. Dutch Guiana, after they had deserted in French Guiana, The German consul provided them with clothes. money and food.



### Carter's Personal Dilemma

By James Reston

WASHINGTON—There has been a theory around the White House for quite a while that the only way Jimmy Carter could hope to be a two-term president was to act like a one-term president - speaking out for the public inter-

est as plain as a punch in the nose. Carrier has fiddled with this populist notion from time to time, as when he roasted the big oil compa-nies and members of Congress on the energy problem before retreating and proclaiming a "partner-ship with Capitol Hill. But lately, as his standing in the popularity polls has dropped, he has been out-spokenly critical of Soviet policy in Africa, Israeli policy in the Middle East, and, most recently, almost provocatively critical of lawyers

and doctors here at home.

About this time, almost halfway through the first term, most recent presidents have found themselves in a slump between the end of the honeymoon and the struggle of the next election, and have had to decide whether to fight or compro-

#### Which Road?

Truman, Kennedy, Johnson, Nixon, and even Eisenhower, faced the same problem, and dealt with it in different ways. Now Carter has come to the same fork in the road. and Washington, including his closest advisers in the White House and the Cabinet, are watching to see which road he will take.

There has always been this puzzle about Carter — whether the smale on his face or the chip on his A goo shoulder would prevail. But his at-tempt to do both has not been working with the Congress or the press or his friends and adversaries overseas, who still can't figure him out. So he is probably going to have to choose, or at least change the popular impression that he is "indecisive": Mr. Nice Guy one day, and Mr. Tough Guy the next. Carter ran for the presidency on

the proposition that what this country needed was a government as good as its people—fair. decent, unselfish, idealistic. If we could only get Henry Kissinger and "the Washington bureaucracy out of the way, he suggested, then we could revive faith in our government, and cleanse the pollution of Vietnam and Watergate, and establish the republic once more as the political and moral leader and defender of the ideals of Western Civilization.

### Noble Objective

It was a noble objective, and no-body should minimize Jimmy Carter's faith in it, but he has discovered in the last 15 months that things are not all that simple: that the Democrats in the Congress do not follow the lead of a Democratic president; that there is very little party loyalty between elections (and maybe nor even then); that big business and big labor, the blacks, the farmers, the allies in Europe, Israel and Latin America and Japan have their own special and Japan have their own special interests, lobbies, and that the Republicans, all 38 of them in the Senate, are proclaiming publicly that his foreign policy and his economic policy at home are not only not working but that the people of the United States are disappointed in his performance.

In other words, Carter is now up against considerable evidence that maybe his moral premise was wrong: that maybe the people were not all that generous and unselfish but that maybe they were greedy and self-concerning. This has been a bit of a struggle for Carter per-

Confronted with all this opposition, he is now beginning to turn to the people for support, and this may not be a bad political judg-ment. Despite his decline in the popularity polls, he has more confidence with the people in general than with the politicians, the press, the universities, or the lobbies for special husiness, labor union, farmer or foreign interests.

### More Votes

The guess here is that he will pick up more votes in the end than he will lose by insisting on human rights abroad, and on fair legal and medical fees at home. For the moment, the blacks, the farmers, the unions, the liberals, the editorial writers, etc., are all cutting him up, but he is probably in better shape with the people in general appeared nude or semi-nude in any

than with the "elites" and the lob-

Carter's trouble in the last 15 months is that he has been trying to satisfy all these conflicting interests, but he is discovering that there is a fundamental difference between how to win an election and how to govern after you win. This is where he is now, and he seems to be saying that amid all this confusion of parties and special interests. the thing to do and say is what he thinks, be faithful to himself, and leave all thoughts of a second term to the judgment of the people later

Obviously this means that he has to change his own approach to issues and politics. If he is going to serve "the general interest" and rely on the judgment of the people.

he cannot defend Bert Lance one day, and raise the minimum wage the next, proclaim "human rights in the Soviet Union and South Africa and Rhodesia, and ignore them in South Korea, and the Philip-pines for strategic reasons.

#### Dilemma

This is a fundamental political and philosophical dilemma for Jim-my Carter, even a theological ques-tion, which he hasn't yet resolved. He has been trying to play the game both ways, being very moral on one hand, and very clever and political on the other, but he is now trying to sort out these contradictions or compromises in his own mind, and come up with an answer that satisfies both his conscience

That unless he is faithful to his own ideals, he will lose the confidence of the people, and unless he makes up his mind to do what he thinks is right in his first term, no matter what the politicians think of it, he can forget about a second term. In short, the way to win in 1980, they are telling him, is to be willing to risk losing on every issue between now and then.

His closest advisers are telling him that there is really no contra-diction between these two points.

Nobody knows, not even his closest friends, what he will do with this problem. Most of them think he's going for broke, particularly after his latest trip into the West, but they are not entirely sure, and they are watching him very careful-

### The Risks of Electronic Spying

#### By Daniel S. Greenberg

WASHINGTON—Zoom lenses and electronic listening devices in U.S. space satellites regularly collect extraordinarity use tailed data from every part of the sile systems that the Soviets more Soviet Union. And, though not supplied to the Arabs. Reports that the Israelis lost more have it that the Israelis lost more have it that the Israelis lost more theless sit still for that long-range than 100 aircraft before a rush portraiture. Why, then, did they recently gun down a South Korean jamming equipment enabled them passenger plane that, by all accounts, innocently blundered over their territory near Mur-

A good place to look for the anwar now going on between the two superpowers: deliberate borderarea intrusions designed to provoke the other side into revealing its electronic capabilities. We do it to them and they do it to us and our friends, all in the course of a freewheeling electronics competition that is one of the fastest growing and most secret aspects of the arms race.

### Provoking

Shooting incidents in this catand-mouse game are extremely rare, since the intruders - unlike the errant passenger plane - usually segot away as soon as they have provoked the other side into activating and thus revealing its warning and defense systems. And the game goes on, spurred by the realization that an endless surge of new developments in electronics has become the centerpiece of military competition between the United States and the Soviet Union.
The value of being aware of the

other side's electronic capabilites was devastatingly revealed in the opening phase of the 1973 Yom

\_Letters\_

It would have been a great day in

journalism if IHT readers had seen

a cartoon showing the new boy in town (who else but Carter) being harassed by the local bullies (who

else but the press). If that is too much to hope for, I hope that An-

thony Lewis's column was read

that the whole subject has become a daily bore — a cliche — which

terrifies when one thinks about the

extraordinary seriousness of the situation. The press must be more straightforward with the facts and

not so entertaining with colorful

'Never Nude'

Re: Article on the performance of "Sancta Susanna" in Rome (IHT,

Unfortunately, I have been de-

tained for some time, but the fact

remains, that this article has dis-

The information was totally

incorrect. I was not nude or semi-

nude during this performance. The

"nude" was an unknown person

Furthermore, I have never

hired for this part especially.

BETTIE COPELAND.

What I really wanted to say is

carefully.

columnists.

March 4):

turbed me greatly.

Kippur war, when electronic jamming devices aboard Israeli aircraft were unable to neutralize the radar to counter the missiles' guidance

With that experience, plus simi-lar events in the Vietnam war, A good place to look for the an-swer is in the plane's inadvertent military planners, the urgency of involvement in the closest thing to sniffing out the other side's electronics, while advancing one's own. has been accorded the highest priority - just short of the point of risking direct military contact.

This competition has led to the development of an endless series of measures. followed by countermeasures, that, in turn, lead to counter-countermeasures, and so on. Thus, knowledge of the fre-quency on which a defensive radar operates permits the offense to generate a jamming signal that can "blind" the radar or feed it erroneous data as to location of the intruder. The jamming signal, how-ever, is a giveaway that the defense can use for homing in on the missile - unless, of course, the radar guiding that missile is jammed by still another signal.

### Electronic Maze

The necessity for split-second moves in the race between signal and countersignal accounts for the fact that immensely complex. though miniaturized, computers are becoming standard equipment on combat aircraft. Between takeoffs and landings, today's Red Barons

performance, especially not in "Salome" in the United States or Press and President Re: "Savaging the President" by Anthony Lewis and "Dancing on Borrowed Time" by Lurie (IHT. April 25): elsewhere.

DR. FELICIA WEATHERS.

### Atonement

In your article on April 25th you state that "to Jewish Americans, as to Americans generally, Israel is a moral question, atoning for the slaughter of millions of European Jews" and this view is also shared by most British and German peo-

There are many reasons for supporting Israel but must we continue to plumb the depths of self-satisfying hypocrisy by saying that the settlement of Jewish people on other people's land against the wishes of those people is our atone-

JOHN B. TATHAM. Neuilly sur Seine.

The International Herald Trihune welcomes letters from reuders. Short letters have a better chance of being published, All letters are subject to condensation for space reasons. Anonymous letters will not be considered for publication. Writers may request that their letters be signed only with initials but preference will be given to those fully signed and bearing the writer's complete address. The Herald Tribune cannot acknowledge letters sent

are mainly passengers in an air-

Though increasingly versatile electronic equipment is being developed to permit instantaneous scanning and jamming of the other side's signals, great value is still put on "collecting" those signals so that they can be stored in a computer for swift recognition and response. Thus the value of provoking the other side into turning on its electronics so that cavesdropping recorders can carry them home for

### Survivability

As is usually the case with revolutionary technical developments of military value, the effects of the new electronics range far. With the United States generally regarded as well ahead of the Soviets in packing more electronic capability into less space, the Defense Department is pushing hard to restrict export of the underlying know-how. And to keep ahead, it is looking for ways to restore the close, universitybased science link that it lost during the Vietnam war. One ironicconcern is that the civilian electronics market now so far exceeds the military's relatively small and highspecialized needs that the military services aren't getting the at-tention they could formerly command.

Developments in military elec-tronics also affect military planning and budgets far beyond the immediate costs and capabilities of the gear for jamming and counterjamming. A major element in the deci-sion not to build the B-1 was the expectation that our aging force of B-52s, though far slower-moving than present-day interceptors could be equipped with what amounts to electronic armor against Soviet defense forces. And though the Cruise missile is too small to carry any significant amount of jamming gear, its survi-vability is based on plans for elec-tronics-laden aircraft to "jam" it through Soviet defenses.

Against this background of rag-ing electronics competition, what's amazing about the Soviet response to the errant passenger plane is not that they shot it and forced it down. Rather, given their relative backwardness in electronics and indifference to nice-guy ratings, what's astonishing is that they let it lumber around the Murmansk skies for nearly two hours before they forced it down.

The electronic riches from that episode will keep U.S. analysts busy for some time.

### Middle East: 3 Actors **Need Script**

#### By Joseph Kraft

WASHINGTON-Imagine three actors in search of a what is going on in the Middle Essithese days. There is an abundance
of speech, and not a little offstage
noise and some expectant rustling
among many audiences. But the action now is leading nowhere excep(and I am not kinding) toward the
supreme dream of players on the
world stage — the Nobel PeacPrize.

The most accomplished of the actors by far is the Egyptian, who once in fact trod the boards for a

He initiated the present phas with the electrifying trip to Jerusalern. He followed that by meeting Prime Minister Menachens Begin at Ismailia. Then came sheer piece of stagecraft — a breal in the negotiations for no apparest reason. That set up another super scene — a visit to Washington and the charming of President Carter the Congress and the U.S. public.

#### Net Effect

But Mr. Sadat lacks a sense of strategy, a feel for how to mor from actions to objectives. In h speech to the National Press Clu speech to the National Fress City here he actually declared that had gone to Jerusalem not to nega-tiate but to make peace — as if settlement was something the would happen, like the falling a the walls of Jericho after a trumphad sounded. So the net effect of Sadat's action was to put the maing of a settlement in the hands

Jimmy Carter.
Prime Minister Begin tended i
the same direction. To be sur where Sadat is heavily showbiz, M Begin casts himself as a figure in history play. He is the believir Jew who has left the ghetto and i cringing for favors. As a Zionist prewar Poland, and as an unde ground figure in the Palestine the British mandate, he was a figh

His response to Sadat's overtae was positive. He received him wi-great dignity. The offer he made Ismailia was — by Begin's stan-ards, at least — an act of state manlike generosity. He not only r linquished to Egypt all Isra-claims to the Sinai Desert, he mad regarding the West Bank of the Ic dan, what seemed to him a nob act of renunciation. He suspends for an indefinite period Israe-claim to sovereignty over the Wijf Bank. That in effect meant foreview and in time an Arab state wi links to Jordan.

### Arbiter

But Begin also didn't know he to move from grand gesture to settlement. To dramatize his nobles making Mr. Carter the arbiter the whole drama.

I do not find Carter easy understand, and for a long time. have pondered the picture he has his head of a settlement in the Mi dle East. I come to the conclusion that what he sees in his mind's e is a small room where he, Sad and Begin sit together smilin shaking hands, making nice spece es and eventually — with suitab flourishes — setting their signatur to a document labeled PEACE.

To break the deadlock Carter r. sorted to another stage device -1 emissary with the mission of draw ing up a statement of mutually a. ceptable principles. When the failed, the President went throug the public act of turning a col shoulder to Begin in Washingto early last month. But when Begi came back last week, there we smiles and songs in the Rose Ga den, and the appearance of harm ny and progress.

### 'Flying Solo'

In fact, there is no road map it getting from here to a settleme Israeli Foreign Minister Mos Dayan in a television interviewith Barbara Walters the oth day, voiced in agonizing terms t need to move from abstract ta about "the wording" of principle to "concrete proposals ... on th ground and in reality."

Fortunately there is still time. Though Sadat has very little support in his own country or the reof the Arab world for continuit his peace initiative, he is still han ing in there — "flying solo," as on Egyptian put it to me in Cairo no long ago. A main reason is that he wants the peace initiative to be sti alive when the Nobel Prize is vote in October. So at least there are: few more months for somebody presumably Secretary of Sist Cyrus Vance and Mr. Dayan — 1 come up with a script that wi , bring the three leading actors to th semi-happy ending that is at lead still possible.

Chairman John Hay Whitney

Editor

Co-Chairmen Katharine Graham Arthur Ochs Sulzberger

Publisher

Munaging Editor Murray M. Weiss. William R. Holden

international Herald Tribune, S.A. au capital de 9 710 000 F. R.C. Para, No. 73 B.
3112-181, average Charles de Gaulle, 9200 Negalis sur Seine Tel 747-12-05
Teles 612718 Herald Para Cables, Herald, Paris
Le Durcteur de Li publication Walter N. Thaver
Dails cacept Sunday
In U.S.A.—Subscription price 3213 searts
Sectord class postage paid at Long Island Circ. N. 9. 11101 - 1478 International
Herald Tribune All rights reserved
Commissions Parisage No. 34 231









reed:

### Threatens Sanctions

### UN Warns S. Africa on Raid

Kathleen Telesch

UNITED NATIONS, N.Y., May 7 (NYT)—The Security Council unanimously approved a resolution granted a resolution of the condemned South Africa for its military raid Thursday into Angola, called for the willndrawal of the troops and imlicitly warned that another attack child lead to sanctions.

The uncommon unanimity of the yote and the more than 20 speeches castigating the Pretoria regime demonstrated the isolation of South Africa had called the strike a "limited operation" directad against guerrilla bases of the South-West Africa People's Organi-zation (SWAPO), charging that they had been used for stepped-up "terrorist" attacks against the

### **Vance Finishes** Talks in Mexico. Calls Ties Good

PUERTO VALLARTA, Mexico. May 7 (AP)-Secretary of State Cyrus Vance wound up three days of talks with Mexican Secretary of Foreign Relations Santiago Roel yesterday, declaring that U.S.-Mex-

join relations are excellent.

But he acknowledged the diffirult issue of natural gas pricing was not discussed and the problem of illegal Mexican aliens was set aside for further studies.

Mexico is asking \$2.70 per thousand cubic feet for natural gas, which is nearly \$1 more than the Carter administration wants domestic producers to receive. Mr. Vance said it would be inappropriate to discuss the matter until Congress considers the administration's energy package.

On the sensitive issue of illegal Mexican aliens entering the United States in search of jobs, he said they agreed to exchange studies and surveys made on both sides of the border.

#### Dayan on London Stop

LONDON, May 7 (UPI)—Israeli Foreign Minister Moshe Dayan ar-rised today for a 36-hour stopover to meet Prime Minister James Calaghan and Foreign Secretary Daand Owen for talks on the Middle fast before leaving for an official pisit to Norway and other Scanneighboring territory of South-West Africa, which South Africa has ruled since 1920 under a League of Nations mandate. In 1966, the United Nations revoked the mandate and south Africa to end its "illegat" occupa-tion of the territory, which the United Nations calls Namibia.

The council action was taken at an emergency weekend session summoned at the request of Ango-la, which charged that South Africal contrary to its assertions that it withdrawn its troops, was sending in reinforcements.

#### 504 Refugees Dead

chief delegate, also said Saturday that the South African attack had taken the lives of 504 refugees from South-West Africa who were camped in Angola, and had wounded 224. The speedy council action was

The speedy council action was of diplomatic relations or the or-believed to reflect a desire on the dering of trade sanctions. part of Western members and black-ruled African nations to prevent the South African attack from Denmark Vows upsetting the continuing effort to win acceptance of a Western plan for independence for South-West

Late last month South Africa ac-cepted the plan, which was put for-ward by the five Western members of the Security Council — the Unit-ed States, Britain, Canada, France and West Germany. SWAPO. however. has held back, demanding changes in the plan, which calls for a cease-fire in the guerrilla war, a phased withdrawal of South African troops and UN-supervised elec-tions leading to independence by the end of the year.

Sam Nujoma, the president of the People's Organization, has said that he was prepared to meet with representatives of the five Western nations, but the South African at-tack is expected to stiffen his attitude. Among other changes, he has heen demanding tighter restrictions on the 1,500 South African troops who would be permitted to remain in the territory under the Western plan but would be restricted to

#### U.S. Criticizes Raid

The Western negotiators have A number of leading members of his group have come from Africa to attend the sessions.

James Leonard, the U.S. delegate, declared in the council that

### Mistrial Declared for Physician In California Baby Murder Trial

SANTA ANA, Calif., May 7 (AP)—A mistrial has been declared in the trial of Dr. William Waddill on charges of murdering a baby after the jury reported that it was deadlocked 7 to 5, with the majority favoring acquittal.

The judge declared the mistrial about two hours after the jury first reported it could not reach a decision. It had deliberated [1] days after a 14-week trial which drew the attention of anti-abortion

Dr. Waddill, 42, an obstetrician, was accused of strangling a baby girl shortly after she survived a saline abortion.

The mother, 18, had told him she was unmarried and 22 weeks pregnant. On March 2 of last year, she was admitted to a hospital and Dr. Waddill injected a saline solution into her uterus to induce an abortion.

Instead of a 22-week-old fetus, she delivered a three-pound infan. Dr. Waddill, testifying in his own defense, said the baby was dying by the time he saw it at the hospital, and that death was from natural causes. One of his lawvers called the deadlock a moral victory, saying that many had assumed at the outset that Dr. Waddill would be convicted.

Expressing dismay at the "sense-lessness" of the raid on Angola, he declared: "How is an already skep-tical world to judge an action such as we have just witnessed on the sive talks?

The resolution approved yesterday was proposed jointly by seven members — Bolivia, Gabon, Niger-ia, India, Kuwaii, Mauritius, and

It says that, in the event of fur-Elisio de Figueiredo, Angola's ry, the Security Council will meet again to consider the adoption of more effective measures," as provided in Chapter 7 of the UN Charter. This chapter, concerning acts of aggression, provides for such punitive measures as the breaking

### To Compensate Cod Fishermen

COPENHAGEN, May 7 (AP)-Danish Premier Anker Joergensen told 3,000 demonstrating fishermen yesterday that they could expect some compensation for a substantial loss in their fishing rights in the

But Mr. Joergensen did not spec-ify whether the fishermen could ex-pect an increase in their share of the cod quota in the Baltic or direct economic help from the state.

Consequently, the fishermen, with about 500 vessels, decided to stay moored at the Copenhagen waterfront where they have been holding a demonstration since Thursday. On Friday, the fishermen held a brief blockade against six Danish ports. The blockade was fifted after the government promised to talk to a delegation of

Mr. Joergensen also said that the West German government has backed a Danish claim to call an extraordinary session of the Baltic scheduled further negotiations with Fishing Commission as soon as Mr. Nujoma beginning tomorrow. possible.

### U.S. Yachtsmen To Moor Again In Cuba's Ports

ORLANDO, Fla., May 7 (AP)hundred Americans will sail into Cuban ports at the end of the week — the largest such contingent to visit the Communist-run island in nearly two decades.

The 300 to 350 boaters - yachtclub members, sport fishermen and others going along merely for the fun — have been invited by the Cuban government, anxious for a re-

Vessels ranging from sailboats and small sport boats to large, expensive yachts will negotiate the 90-mile stretch from the Florida Keys in two or three flotillas beginning Friday.

They will be escorted part of the way by the U.S. Coast Guard. Cuban Navy ships will lead the way to a welcome in Cuban ports.



OATH OF ALLEGIANCE-A Swiss Guard, one of the Vatican's 18 new recruits, takes his oath in the centurieshonored tradition during ceremonies during the weekend.

### **Muzorewa Delays Action** In Rhodesia Council Rift

today to withdraw from Rhodesia's council on a controversy over the council. firing of a black minister.

The United African National Council said, after a meeting, that its 70-member national executive will meet next Sunday to consider the government's steps to resolve a near rift in the four-man ruling executive council.

The UANC meeting was called to discuss pulling out of the interim

government after the sacking of co-minister of justice. Byron Hove, a

Muzorewa appointee.

The UANC reiterated its support for Bishop Muzorewa and demanded Mr. Hove's reinstatement.

#### A Condemnation

"The meeting condemned the attempt to hypass Bishop Muzorewa throughout the whole Hove issue, a statement said. "This is now fully substantiated that, while attempts were made to contact the other three members of the executive council, no attempt whatsoever was made to consult Bishop Abel Muzorewa.

Addressing a group of white farmers in Mtoko yesterday, Bish-Muzorewa implied that the let ter dismissing Mr. Hove, that was published in a local newspaper under the name of the current executive council chairman. Chief Jeremiah Chirau, had been unilaterally sent out by a civil servant, not by the council

The UANC executive expressed its concern that "it is not known who actually gave the word for the firing of Mr. Hove" and said that it was "perturbed by the fact that evi-

SALISBURY. Rhodesia. May 7 dence seems to indicate that civil (AP)—Bishop Abel Muzorewa's servants played a direct political political party deferred a decision role in precipitating the crisis."

role in precipitating the crisis."

The UANC also condemned the multiracial coalition government. "ganging up" against the bishop by pending action by the executive other members of the executive

#### Nkome Accuses West

LUSAKA, Zambia, May 7 (AP)-Joshua Nkomo, co-leader of the Patriotic Front, has accused Western governments of "plotting to overthrow ruling governments in front-line states," in a bid "to per-petuate oppression and colonialism n southern Africa."

Addressing students at the University of Zambia last night, Mr. Nkomo said that Western govern-ments intend to use "sophisticated and craft methods in overthrowing ruling governments in the front-line

#### High Stepping in N.Y.

NEW YORK, May 7 (AP)-Nearly 3,000 demonstrators, mostly teen-agers, drank wine and smoked pot in Central Park yesterday after a 60-block march up Fifth Avenue to protest laws banning marijuana.

Asks for Aid of All Nations

### Afghan Chief Describes 'Nonalignment'

By William Borders

KABUL, Afghanistan, May 7 (NYT)—The head of the new government said vesterday that he has no intention of moving the country into the orbit of the Soviet Union.
"We are not a satellite of anyone,
as some say," said Premier Nur
Mohammad Taraki, of, who came

to power in a coup d'état nine days "We are nonaligned and independent and no country will have justification to interfere in our internal affairs. At a news conference, Mr.

Taraki appealed for the friendship and aid of "all the world's nations. including the United States." In Washington, the State Depart-ment said that it had informed the new Afghan government that it would maintain diplomatic rela-

#### No Military Pact

Mr. Taraki said "we will not take part in any military pact" with the Soviet Union, Afghanistan's northern neighbor, or with any other

Although Mr. Taraki's political party, which he referred to as the People's Democratic party of Afghanistan, has been regarded as pro-Moscow Communist party. he disputed suggestions that it is Communist, Marxist or part of any-

international movement.
"Ours is the party of all the people," he said, "Our main objeclive is to secure the welfare of the workers and the peasants right here in Afghanistan.

Security at the news conference was tight. Foreign reporters were

armed guards, including one who stood directly behind him holding a

#### Former Press Attache

Mr. Taraki, who was press at-tache at the Afghan Embassy in Washington in the mid-1950s, ex-plained the overthrow of President Mohammad Daud, who was killed during the fighting here on April

"He and some of his family members were destroyed" because they refused to surrender. Mr. Taraki said. He disputed estimates that thousands had been killed in the coup, saying that the figure was 72 or 73 killed.

He said that 20 to 25 officials of the Daud government, including a number of ministers, had been arrested, but that some have been released on the condition that they remain politically inactive.

"The intelligentsia is the main force of the country and every effort will be made to attract them." he said. "But we want to re-educate them in such a manner that they should think about the people, and not, as previously, just about themselves — to have a good house and a nice car, and yet other people die

#### 'Our Revolution'

Mr. Taraki described the change of government as "our revolution," pointing out that it had brought an end to the rule of the upper-class Mohammadzia clan, which had run

checked with metal detectors, and the Country since the early 19th the Premier was preceded and followed into the conference room by "We are not aristocrats," he said.

"We are not from the high families. We came out from among the

He said that the government, which has seized the property of the former ruling family, would carry out land reform and reduce consumer prices. He hinted at nationalizations, but conceded that there was little to nationalize in this underdeveloped nation.

Mr. Taraki asked that aid from the United States and the Societ Union be continued. "Our relationship with all the countries will be based on the amount of their support to our government in political and economic terms," he said, spe-cifically mentioning U.S. aid projects. "We have lots of problems and we appreciate very much these countries who give us aid without

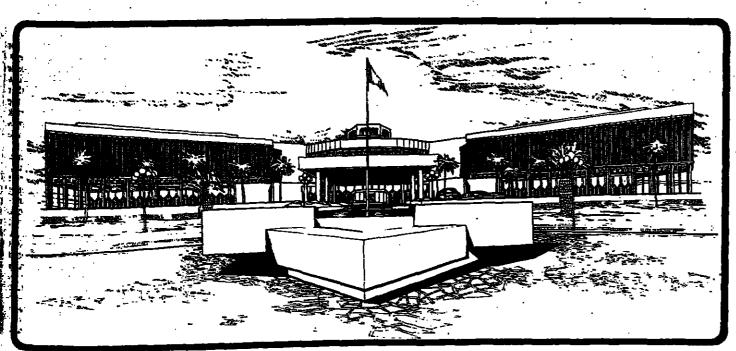
He referred to Pakistan and Iran two anti-Communist neighbors that have been distressed at the change in Afghanistan, as brothers, and reiterated his government's dedica-tion to Islam, which is the common religion of all three countries.

He said that the ruling Revolutionary Council, of which he is charman, has about 35 members, of whom only five or six are military officers. According to other sources, all its known members belong to the Khalq party, which means Masses Mr. Taraki is secre-tary-general of the party, he said. It is presumably the same party that he referred to vesterday as the People's Democratic party



Afghan Premier Nur Mohammed Taraki is flanked by guards at Kabul press conference.

## Massarrah Inter-Continental. A world of difference in Taif.



The experienced traveller to the Middle East will find the Massarrah Inter-Continental the perfect base

for his stay in Taif. Because as in any Inter-Continental hotel, every facility and comfort he requires and expects is at his disposal. Air-conditioned luxury unrivalled business facilities. cuisine of an international standard, television in every room—with free in-house movies, and swift, attentive service.

In short everything that will make his business trip a success and his stay a pleasure.

In all these ways the Massarrah is no different from other Inter-Continental hotels:

Except that it's in Tail.

### Massarrah INTER • CONTINENTAL

HOTEL

Telephone 28333 or Telex 450155 or book through your travel agent or local inter Continental office.

**Flat:** tax-free cars



Tax-free Fiat cars are available to all persons not permanently resident or domiciled in Italy. For full information contact us at the following address:

> FIAT TOURIST SALES Dept. 26 Corso Matteotti, Turin - Italy -

Tel. (011) 544079/543998/549074/546653/549030

Milano - Corso Semplone, 55 - Tel. (02) 38891 Telex 37311 Flat Mi Trieste - Via di Campo Marzio, 12 - Tel. (040) 7693 Telex 45025 Fiat Ys dova - Via Venezia, 13 · 15 - Tel. (049) 654933 Telex 43368 Fial Pd na - Viale delle Nazioni, 10 - Tel. (045) 500077 Telex 48125 Flat Vr

BELGIQUE - Fiat Belgio S.A. - Drève de l'Inlante, 39
Tel. 02/354.11.00 - Tix. 22180 FIATBE B - WATERLOO 1410
DANMARK - Nordisk Fiat A/S - Gammel Koge Landevej 78/80
Tel. 01/304800 - Tix. 19831 FIAT DK - KOBENHAVEN 2500
ESPANA - Fiat Hispania S.A. - Passo de la Habana 74 - Apartado 506
Madrid - Tel. 2598200 - Telex 27222 Fiatm E - Madrid
FRANCE - Fiat Automobiles S.A. - Tour Fiat - 1 Place de la Coupole Courbevole (Adresse postale: Paris la Delénse 92 - Cedex 16)
Tel. 7960606 - Tix. 630354 FIATOUR
GREAT BRITAIN - Fiat Motor Sales Limited - Great West Road
Brentford - Middlesex TW8 9DJ. - Tel. 01-550 4111 - Telex 261719
HELLAS - Tractellas S.A. - Leoforos Syngrou 73 - Athinai - Greece
Tel. 914771 - Tix. 215565 FISI GR

NEDERILAND - Leonard Lang B.V. - Head Office and Sales, Service & Spareparts - Dan. Goedkoopstreat 9 - Amsterdam Tet. 020/024888 - Telex 11061 Llams NI GSTERREICH - Osterreichische Fiat G.M.B.H. -Schöenbrunnerstrasse 297-308 - Tel 0222/731521 - Tix 12211

Napoli - C.so Meridionale, 53 - Tel, (081) 265766 Telex 71025 Fiat Na Barl - Via Oberdan 4 · A - Tel. (080) 334722 Telex 81025 Fiat Ba Catanta - Via Messina, 623 - Tel. (095) 491 122 Telex 97025 Fist C1 Cagliari - Viale Monastir, 100 - Tel. (070) 281671 Telex 79025 Fiat Ca

SUISSE - Fist Suisse S.A. - 108 rue de Lyon - Genève Tel 022/441000 - Telex 22324 Fial C CH WESTDEUTSCHLAND - Deutsche Fiat AG. - Salzstrasse 140 Heilbronn-Tel.Sammelnr.07131/1071 - Telex 0728711 Fiat D Heilbronn USA - Fist Motor of North America Inc. - 155 Chestnut Ridge Road - Montvale (N.J.) 078400 USA - tel. 5733700

ï	riease seng me lumner	information	on Fial Tol	ırıst Sales
i	Name		- <del></del> -	<u> </u>
<u> </u>	Address			
L	Town	Count	<u> </u>	

6) The Company shall cause Overseas Capital to pay to the fiscal agent an amount equal to the balance of the accrued and unpaid interest due on the u% Guaranteed Sinking Fund Debentures to and including the Date of Confirmation but not paid on the Consummation Date, with no interest thereon, in four equal an aual installments payable on the first day of March in each of 1979, 1980, 1981 and 1982. (ii) Interest on the Principal Balance as reduced from time to time shall accrue the rate of 9% per annum from the day following the Date of Confirmation and all be paid on March 1, 1979, 1980, 1981 and 1982

3. With respect to the holders of the 9% Guaranteed Sinking Fund Debentures who ept any payment contemplated by the Plan, the Fiscal Agency Agreement shall be med amended to reflect the provisions of the Plan

Deblors.

PLEASE TAKE FURTHER NOTICE that on or after the Consummation Date all 9% Guaranteed Sinking Fund Debentures and coupons dated March 1, 1978 and Thereafter may be surrendered to the fiscal agent under the Fiscal Agency Agreement for cancella ion or to be stamped to retiect the provisions of the Plan and shall then be returned or exchanged. It shall be a condition for payment under the Plan with respect to each surrendered debenture that such debenture, the March 1, 1978 coupon and all subsequent coupons appurtenant thereto shall have been surrendered. All such debentures and coupons when surrendered shall be deemed to have been modified and amended as provided in the Plan.

PLEASE TAKE FURTHER NOTICE that although the Plan does not extinguish the right of an individual holder of 9% Guaranteed Sinking Fund Debertures to be paid in accordance with the original terms of his Deberture if he chooses not to be paid in accordance with the Plan, Class V croditors who accept the payments to be made upon confirmation of the Plan will be deemed to have waived their right to demand and accelerate payment of the amounts remaining unpaid on such debentures, and it is a condition to recaive payments under the Plan that Class V creditors waive their right to demand and accelerate newtient.

PLEASE TAKE FURTHER NOTICE that it, after confirmation of the Plan, any holde

of the Plan.

1 At present there exist Events of Default, as defined in the Fiscal Agency Agreement. Such Events of Default are (a) failure to make the 1978 sinking fund payment which was due on March 1, 1978, (b) filing by the Company, guarantor of the debentures, of a petition seeking reorganization under the Bankruptcy Act, and, (c) the March 1, 1978 mataltiment of interest was due and has not been paid to fong as any of these Events of Default shall be continuing, the principal amount of and all accrued interest on any 9% Guaranteed Sinking Fund Debenture shall, at the option of, and upon written notice delivered to the fiscal agent by the then holder of such 9% Guaranteed Sinking Fund Debenture, mature and become due and payable.

delivered to the liscal agent by, the then holder of such 9% Guaranteed Sinking Fund Debenture, mature and become due and payable

2. At present no provision has been made for payment of coupons due March 1, 1978 other than the above mentioned provisions of the Plan. Such coupons and subsequent coupons with continue to be obligations of Overseas Capital and the guaranty of the Company with respect theirsto will not be discharged by confirmation of the Plan Should a holder later determine to accept the Plan, the Company has determined to deduct from payment, provided by the Plan to be paid to a surrendering debeniure holder, a sum equal to the aggregate tace amount of all coupons maturing March 1, 1978 and aubsequently which are not surrendered with the debenture. The Fiscal Agency Agreement required a sinking fund payment on March 1, 1978 sufficient to redem an aggregate of \$1,330,000 principal amount thereof, and will require similar payments on March 1, 1979, 1980, and 1981, subject to credit as allowed by the Fiscal Agency Agreement. Overseas Capital will not be entitled to sinking fund reduction or credit through the use of \$% Guaranteed Sinking Fund Debentures surrendered by holders who elect to accept the provisions of the Plan. Only debentures not surrendered under the Plan will be eligible for ainking fund redemption.

PLEASE YAKE FURTHER NOTICE that it holders of \$% Guaranteed Sinking Fund Debentures about do so in order to be entitled to accept or reject the Plan Holders who have flied a cleam need not file again if a hadder has arready filed a prom of acceptance. If an acceptance is not completed, signed and feld, such holder will be deemed to have rejected the Plan. Forms of proofs of claim and acceptances may be obtained by contacting the Company. Said forms should be completed, signed and returned to the Company, 1407 Broadway. New York, New York, 10018, stepped man filed.

PLEASE TAKE FURTHER NOTICE its title adjourned first meeting of creditors of

pany, 1407 Broadway, New York, New York, 10018, attention. Sugney Margolis.

PLEASE TAKE FURTHER NOTICE that the adjourned first meeting of creditors of the Company and the other debtors in these proceedings will be held before the undersigned Bankruptcy Judge at the United States Courthouse, Foley Square, New York, New York 10007, Room 201, on May 22, 1978 at 9:30 A.M. at which place and time the creditors may attend, present written acceptances of the proposed Plan and transact such other business as may properly come before seld meeting; and the hearing on the confirmation of the Plan and objections thereto, if any, will be held before the undersigned Bankruptcy Judge at the United States Courthouse, Foley Square, New York, New York, 10007, Room 201, on May 22, 1978 at 9:30 A.M. at which time all applications for allowance of compensation will also be considered.

PLEASE TAKE FURTHER NOTICE that the meeting may be continued or adjourned time to time by order made in open court without further written notice to

creditors.

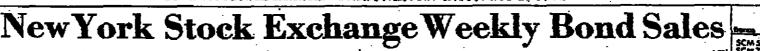
PLEASE TAKE FURTHER NOTICE that there will also be considered before the undersigned Bankruptcy Judge at the United States Courthouse, Foley Square, New York, New York 10007, Room 201, on May 22, 1978 at 930 A.M., or as 500n thereafter as counsel can be heard, a motion by the Company and the other debtors in these proceedings for an order consolidating the above captioned proceedings substantively mito a single proceeding and merging the assets and liabilities of said debtors for all purposes of said proceedings, eliminating all inter-company claims by and among the debtors herein, eliminating at guarantees executed by any of the debtors of the obligations of any other of the debtors, directing that all claims fitted in the above captioned proceedings shall be deemed to have been fitted in the consolidated proceeding and granting the debtors such other and further relief as is just.

PLEASE TAKE FURTHER NOTICE that any and all inquiries with respect to the Plan, its terms, conditions and provisions, the time and manner of payment and any other matters parlaining thereto, may be made directly to the company or its counsel Copies of the Plan and financial and other materials related thereto are available and may be obtained by contacting Counsel for the Company in addition, the Plan itself is on life with the Clark of the Bankruptcy Court and may be examined at any time during

Dated, New York, New York April 17, 1978

te/ Ploy Babit! Bankruptcy Judge

Counsel for the Company FVIN & WEINTRAUB and STROOCK & STROOCK & LAVAN 61 Broadway a i drazawsy New York, New York 10006 (212) 425-5200



SCM. 51-288
SCM. 71-288
SCM. 71-288
SCM. 71-288
SCM. 71-288
SCM. 71-288
SCM. 10-16
SCM. Price Boods Price Bands Price Songs Price Bonds

67/12 ConEd 458

100% ConEd 458

100% ConEd 459

11 ConEd 459

11 ConEd 459

11 ConEd 459

10 ConEd 7390

10412 ConEd 7390

10412 ConEd 7491

10110 ConEd 7491

1 163 Krade 16: 783
187 ; Kinsch 5: 491
181 ; Krade 16: 783
181 ; Kr 64 EARP 7.45583
664 FAAC 4-492
657 FAAC 4-493
658 FAAC 4-493
658 FAAC 4-493
659 FAAC 4-493
650 FAAC 4-492
650 F 1854 NCON 7581
84% NCON 855
85% NCON 855
86% | 1449 | POCTT | 1488 |
9514	POCTT	1488
8614	POCTT	1488
8614	POCTT	1488
8617	RASSO	
1374	POCTT	7897
454	POCTT	8487
455	POCTT	8487
456	POCTT	8487
457	POCTT	8487
844 Carpt 54-88
97% Carpt 54-88
1014 Carpt 81-92
90% Carpt 78-98
90% Carpt 88-99
90% Carpt Tenco (1-19) Lear S 10:04 Ligge 4:97 Ligge 8:901 1079 LOUSI 5-197

48 LOISLE 9-82

8739 LOISLE 9-83

81 LOISLE 9-83

81 LOISLE 9-84

100-7

7510 LOURIS 4-87

40 LOUGS 4-88

40-1 LOUGS 4-88

40-1 LOUGS 4-88

60-2 LUCKS 8-96

80-2 LUCKS 8-96

80-2 LUCKS 8-96

1004 LUCKS 1-24

1006 LUCKS 1-24

1006 LUCKS 1-24

1006 LUCKS 1-24

1006 LUCKS 1-24

1007 LUCKS 1-24

1 97% | Groce 41390 97% | Groce 41390 91% | Groce 3484 91% | Given 3480 97% | Given 3490 60% | Given 4457 7939 FISSM 4497
88 FISSM 4497
88 FISSM 4497
88 FISSM 5456 SS511
10074 FISSM 5439
10075 FISS Social B 41-471
Social B 10453
Sobit 7 4400
Sobit 7 4400
Sobit 7 7410
Sobit 8 1417
SOC 3 1410
Sobit 8 1417
SOC 3 1400
Soc G 18 1477
Sobit 8 1477
Sidon 8 14 Britin Bayer Britin Bayer Box L 44s91 Boy Col 84811 Bec D 44s88 Bec D 5589 Beec A 4493 10274 DetEd 6596 9614 DetEd 6.4598 5672 DetEd 9599 54% DetEd 9.15s 87% DetEd 8.15s 98 DetEd 8%01 97% DetEd 7%01 10012 | PolE! | PASSIT |
99 | PolE! | 104-64 |
7714 | PolE! | 104-64 |
7754 | PolE! | 104-64 |
776 | PolG 37-88 |
756 | ProcG 37-88 |
757 | ProcG 37-80 |
758 | PSCG 84-00 |
758 | PSCG 84-00 |
758 | PSEG 81-04 |
759 | POLE! |
759 | POLE! | PSEG 81-04 |
759 | POLE! |
759 | PO 9131 PSEG 12504 10239 PSEG 82-00 10279 PSEG 82-07 1040 PSEG 82-07 10314 Pugs 102-03 10314 Pugs 102-03 10514 Pugs 102-03 10514 Pures 47-94 97 RCA 91-290 9214 RCA 91-290 1001-2 Rcine 91-85 1001-2 Rcine 91-85 1001-2 Rcine 91-85 97 1 32 Romin 5596 4339 Romin 5596 Benca 8481 Benca 8478 Benca 7496 Benca 64479 Benca 651 Benca 651 OhEd 19881 OhEd 91406 OhE1 11883 OhPw 61679 OhPw 101882 OhPw 124881 OkiGE 4187 BenCp & 4507 BenCp & 35588 InHVC 43x29 InHVC 83x99 InHVC 7: 794 InHVC 81x81 InHVC 81x81 InHVC 81x81 InHVC 815x84 7398 RopA 12599wi 71 RopB 512588 WaRR 41:491 99 E5ys 41-592 102th: EcsAir 5492 100h: EcsAir 10st2 99 Ecthor 7-596 92 Ecthor 7-596 93v: EiPas 6493 74v: EiPas 6493 89 Englis 54-97 72th: Fas 94x495 TRE 9-02
TRW 9-85
Tolcti 5/9-79
Tolcti 5/9-79
Tolcti 6:59-4
Tonov 10:59
Tonov 10:59
Tonov 10:59
Tonov 20:59
Tolcti 7:59
Teledy 7:59
Teledy 10:54

C—New Yearly bos, u—New Yearly high, Unless otherwise noted, rans of dividents the forebody table are cantual disbursation posed on the last quarterly or semi-annual de teration. Secolal or astro-dividends or payment of designated or regular ore identified in the **Consolidated Trading** Of NYSE Listings Spice High Low Lust Choo Corrier Ca AMIT East Kodak Issues Trades in 2,088

Foreign Bonds

International Herald Tribune We've got news for you

> U.A.E. Head Office: Sheikh Khalita Street,

Post Address: P.O. Box

United Arab Emirates

Almasraf, Aliu Dhahi

Telex: Al{2266 and 2267.

London (City Branch):

Felex: 8812085 Masrafg.

No. 1. Abu Lihabi,

Cable Address:

90 Rishopsgate,

London EC2N 4AS. Telephone: 01-626 8961.

Cables: Masrafcity

Extensive branch network in the

United Arab Emirates Overseas branches:

Alexandria, Bahrain,

Cairo, Khartoum,

Muscot, Port Said

To be established:

Amman, London

(West End), Paris,

"How the National Bank of Abu Dhabi has faced up to the challenge of operating within a rapidly growing economy, and expanded its activities both domestically and internationally "



ASSETS Cash, balances with banks and money at call and short notice Deposits with banks Investments Advances, loans and other accounts (less: provision for bad and doub(ful debts) Debtors and prepayments Fixed assets

LIABILITIES Share Capital

Preliminary expenses

Authorised, issued and fully paid 1,000,000 ordinary shares of Dh 100 each

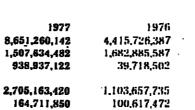
Capital reserve Contingency reserve General reserve Retained profit

Shareholders' Interest

Subordinated long term loan from the majority sharehulder Government loans Current, deposit and other accounts Proposed dividend

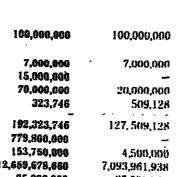
Creditors and provisions Auditors Whinney Murray & Co.

If you would like to receive a copy of the National Bank of Abu Dhabi's 1977 Annual Report and Accounts, please contact our Head Office, Sheikh Khalifa Street, Abu Dhabi or our City Branch, 90 Bishopsgate, London EC2N 4AS.



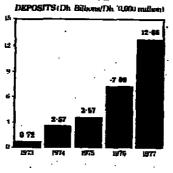
20,466,655 4,090,970

Dh 14,005,704,326 Dh 7,367,163,308



12,659,678,680 25.000.000 25,000,000 195,151,920 116,192,242

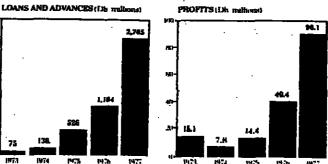
Dh 14,805,784,326 Dh 7,367,163,308

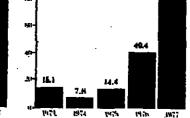


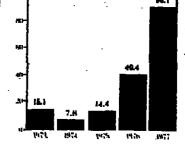
Five Year Record

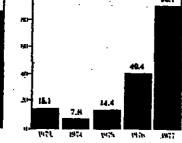
Established in 1968, the National Bank of Abu Dhabi has developed as the leading bank in the United Arab Emirates. Services extend from

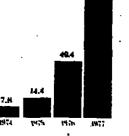
managing and participating in Eurocurrency loans and Eurobond issues, Foreign exchange, Trade finance and Personal domestic banking.













أبوظت كالوطت في

NATIONAL BANK OF ABU DHABI "The businessman's bank"

### Euromarket\_

### Rising Rates, Dollar's Firmness **Drawing Investors Into Notes**

By William Ellington

LONDON, May 7 (AP-DJ)—The yield is somewhat below those pre-Eurodollar note market is showing remarkable zest in face of rising short-term interest rates and the dollar's loss of upward momentum in the foreign exchange murket. Furobond specialists say.

A \$125-million, seven-year note

of triple-A-rated Ontario Hydro hearing 8.5 percent annually was said to be selling very fast even though many market participants were away from their desks for the entire week since both May Day and Ascension Day were holidays in most of Europe.

Demand was reported to be strong even though the indicated Volvo Plans to Recall

45.000 Cars in U.S. "WASHINGTON, May 7 (AP)-Yolvo of America is recalling 45,000 of its 1975 model 240-series

cars to correct a throttle defect, the National Highway Traffic Safety Administration says.

The agency said that the problem can result in a sticking accelerator pedal or a sudden increase in en-

gine speed. Volvo will install an improved throttle valve return spring on the vehicles and will replace throttle cables made of a material which has experienced a short life

Pay Demand in Naples dle flowers or turn on graveside York at the time.

Consolidated In:

OF VISITING

internation.

De reget neustriff,

vailing for comparable issues in New York. According to some spe-cialists, the Eurodollar note yields should be consistently below com-parable New York basels since the parable New York levels since Eurodollar notes are in anonymous hearer form and are not subject to

withholding tax. However, hidden fee-cutting ap-pears to be mainly responsible for the current edge of the Eurodollar note market over the higger New York mart, some analysts say. Basically, this recurs when a manager promises the issuer a lower yield than prevailing in the market and then puts pressure on underwriters to sell the paper by passing their commissions to the investor.

Several underwriters said that a flagrant example of this type of disguised fee-cutting can be seen with a \$250-million, five-year Norwegi-an government note bearing 7.875 percent, which is being widely of-fered to investors at 98.38 to yield 8.29 percent even though the issue is supposed to be priced at 99.5 to yield 8 percent.

New-issue managers say that the Eurodollar note market should remain competitive with the New York market for issues of up to 10 years as long as gross commissions are effectively reduced from their present level of 2 to 2.25 percent.

For example, Beatrice Foods re-cently chose to float a \$100-million, five-year note in Europe at par NAPLES, May 5 (Reuters)— hearing 7.75 percent because the Workers at the three big municipal yield was about a half-point lower cemeteries here are refusing to han- than could be obtained in New

lights to back demands for a Sources said that McDonald's

### **U.S. Commodities**

CHICAGO, May 7 (AP)—Negative economic news and the stock market's midweek tumble sparked a rally in precious metals futures last week, boosting gold and silver prices for the first time in more than a

Gold futures on New York City's Comex surged by \$3.40 to \$4.70 an ounce for the week, finishing at \$173.30 in the May contract, while silver advanced about 9 cents to \$5.06.3 in the spot delivery.

copper contracts, however, declined one cent a pound. Although the setback in the Dow Jones average stimulated some selling in industrial

metals futures, dealers were puzzled about the relative weakness. Weather provided the key to grain markets at the Chicago Board of Trade. Rains in the Southwest benefited winter wheat crops, whittling those futures as much as 9 cents a bushel. The sale of a million metric tons of corn to an unknown foreign buyer,

probably the Soviet Union, also figured into a 5-cent increase in corn Soybean contracts rose 512 to 1212 cents a bushel in mostly technical trading. Exceptionally large weekly soybean exports and continued good

demand supported the advance. New contract highs for live cattle futures were posted during several sessions at the Chicago Mercantile Exchange, resulting in net gains of 1.4 to 2.1 cents a pound for the week. The June delivery ended at \$5.56 a pound, more than a dollar higher than the price of a year ago.

Light receipts at major markets and continued good consumption sourred the brisk demand in cattle futures. By the end of the week, soybean deliveries were 512 to 1212 cents higher than a week earlier, with May contracts finishing at \$7.2712 a bushel. Wheat dropped 312 to 9 cents, May \$3.00; corn advanced 314 to 614, May \$2.54, and outs gained 1'4 to 5'4 cents. May \$141').

\$100-million, 10-year issue bearing to bring the yield up to a competi-9 or 9.25 percent annually. However. McDonald's reportedly changed offering. its mind not so much because of yield considerations but because of change Commission procedures en-abled it to tap the New York mar-

ket almost immediately.
Still on offer in the Eurobond market is a two-part note of the Development Finance Corp. of New Zealand and a \$50-million, 12-year issue of Newfoundland

bearing 9.25 percent.
The New Zealand offering com-The New Zealand offering comprises a \$20-million, five-year issue bearing 8.125 percent and a \$20-marketing a seven-year, 50-millionmillion, seven-year note hearing DM convertible bond bearing an 8.375 percent. Both are expected to indicated coupon of 3.75 percent.

tive level with the Ontario Hydro

Meanwhile, a \$75-million, 15year issue of Caisse Nationale des a streamlining of Securities and Ex- Telecommunications was priced at 99.5 hearing 9 percent to yield 9.06 percent. Though trading had not officially started as of Friday, the French-government guaranteed issue was expected to start trading at around 98 or at a discount equal to the 1.5-percent selling group con-

In the Deutsche mark sector,

### The U.S. Economic Scene

**New York Stock Market** 

NEW YORK, May 7 (NYT)-The adage "what goes up must come

After an 80-point rally in the Dow Jones industrial average last month

— its third-best monthly point gain in the history of the blue-chip barometer — the Dow last week fell 8.23 points to 829.09 as investors cashed in

on some of their recent gains.

A moderate rally on Friday, however, succeeded in erasing some of the

after having declined almost 20 points in the previous three days. Monday

it had advanced 7.01 points to 844.33, its highest level in more than five

Friday's upswing was fueled mostly by the Labor Department's report

that the unemployment rate last month had dropped to 6 per cent from

the March rate of 6.2 per cent. Last month's rate was the lowest since

Trading last week on the New York Stock Exchange continued hectic. Turnover amounted to 196,22 million shares, compared with 203,10 mil-

lion in the previous week. Most of the volume, as in the previous month,

11.35 points. Some analysts called the sell-off a normal reaction to the

The market's biggest loss last week came on Wednesday. The Dow fell

Another negative factor was concern over rising interest rates, including

The Federal Reserve Board has taken recent action to tighten credit.

a spreading rise in the prime interest rate to 814 percent from 8 per cent. This is the rate the banks charge their most credit worthy corporate cus-

ses of the previous three sessions. On Friday the Dow rose 4.68 points

### Incompatible Trends Continue to Prevail

By Thomas E. Mullancy

NEW YORK. May 7(NYT)— The amazing surge of the stock market on a tidal wave of buying interest and the rising bulge of inflationary pressures in the domestic two noncompatible trends that normally do not prevail simultaneously for very long --continued to co-exist last week and dominate the attention of the economic and political worlds here

They stirred considerable conjecture on the question of how long these conflicting and baffling movements will last and on the nature of the forces that might even-tually puncture the twin balloons

and change their direction. Again last week the stock market experienced a substantial, above-norm volume of trading for the third successive week and managed fairly well to withstand the buffeting influence of such negative elements as increasing inflation, tighter money and some major unresolved policy issues in Washing-

#### Investor Interest

With investor interest still dominated by institutions and foreigners, the stock market tended to accent the most positive recent development - the improved status of the dollar in the international curreny markets - and the hope that the government would handle the inflation problem better than most private economists believe.

Toward the weekend, however. there seemed to be some disposition to take profits in stocks after the market's strong runup since mid-April, and in some about the likelihood of an effective anti-inflation strategy in the Carter adminis-

table in its abstention from the 15 basis points) in tax-exempt mustock marker's recent euphoria. continued to reflect concern about rising inflationary pressures and the more restrictive credit policies being pursued by the Federal Re-serve System in the inflation battle

and in support of the dollar. Interest rates have climbed, and some new henchmarks were reached during the last week. Long-term Treasury bonds attained their highest rates in four years, intermediate-term obligations got to their highest yields in three years, and there was a fairly sharp rise (10 to

own" neld true for the stock market last week.

October, 1974, when it stood at 5.9 per cent.

came from institutional and foreign investors.

In some cases the rates on the longer-term maturities are now close to their 1974 peaks, while those in the short-term area have heen pushing up more slowly and are still well under their historic double-digit levels of four years ago. Despite its latest advance to 8 14 per cent, for instance, the prime lending rate of commercial banks is

still some distance from the 12-percent milestone reached in the memorable summer of 1974. One factor that surely threw a hig dash of cold water onto Wal Street's hitherto warm perception of inflation prospects was Thursday's report showing that the Wholesale Price Index had jumped more than generally expected last month. The month's increase was at a big double-digit annual rate, chiefly because of the 1.9 per cent surge in the important food compo-

That augurs sharply higher prices for consumers for some months ahead. And it certainly serves to heighten both public and private concern about the indicated course of inflation in the United States.

The recommended remedy is elther a reduction in the coming year's federal spending or a scale down in the administration's proposed \$25-billion tax reduction of a two-stage tax cut or some combination of all of them.

Incentives Tilt

Same sources have been urging a greater tilt toward investment in centives in the tax program as well as greater emphasis in trying to counteract previously approved tax increases, with less weight in the ulumate tax package for provisions that would promote greater con-

sumption in the economy.

Business investment has been picking up this year, but it remains somewhat less than robust and is still lagging behind the pace the administration's economists have said would be necessary to keep the recovery going at a satisfactor

2 Ships Collide Off Sicily MESSINA, Sicily, May 7 (AP)-A Spanish freighter and a Greek tanker collided in the Straits of Sicily Friday night, starting a fire abourd the Spanish ship. All those aboard the two vessels were reported safe, authorities said

l <u>t</u>	1905 to back demands for a 40,000-line (\$47) monthly pay raise, officials said today.	Corp. was on the point of taking	million, seven-year note bearing 8.375 percent. Both are expected to be offered at substantial discounts	DM convertible bond bearing an indicated coupon of 3.75 percent.  Pricing is expected to be at par.  The bond market, which was no-	Many investors fear that rising interest rates will hamper business expan-	abourd the Spanish ship. All those aboard the two vessels were report- ed safe, authorities said.
.".	NEW YORK (AP)-Weekly Over the Counter stocks giving the high, law, and last bid prices	Sales in Net 100s High Low Last Chiga	Sales in Net 100s High Law Losi Chige	<b>Over-Counter Market</b>	Sgles in Net Soles in Net 100s High Low Last Chibe H00s High Low Last Chibe	Soles in Net 1803 High Low Lost Chase
	for the week with the net change from the previous week's lost bid prices. All quotations subplied by the National Association of Securities Dealers, inc. one not actual transactions but are representative interfacelor price of which these	Alex Bid 1.20 x317 15% 15½ 15% + ¾ Alex Bid 1.20 67 18½ 18½ 18½ 18½ 18½ Aleg Bev 30 276 5½ 4½ 415-16-3-16 Alid Besh 1b 244 27¾ 27¾ 27¾ 77¾ ½	AQuessor 2538 37% 32% 36%+3 AmRein 1.20 1143 33% 32 32% AmResv 471 3% 3% 3% 3%+ 3%	Sales in Net 100s High Low Last Chige 100s High Low Last Chige	BergstPp   187 173a 153a 173a+13a   BristPd   91 11 1012 1012-12     Berkley 12	CombMe 984 514 378 518+114 Commits 40 580 3812 3312 3412+12 CompbCh 579-16 712 79-14 CompbCh 919-19-14 19 1914+ 48
		Alidrel 485 164 16 154 16 + 34 Aliyan 8.50 21 134 124 2 134 + 34 AlipexCm 127 246 2 246 + 46 Alitex 247 36 5 142 1192 1192 1192 1192 1192 1192 1192	ASILFIO 48 557 24% 19% 19%—4½ ASICCP 2 59 33 32½ 32½ ASICILI 50 63 17½ 17% 17%+ ½ ATelecm 456 19% 18% 19%+ ½ ATVCom 20 23 49 44% 47 ~2	AttmAm.20e 61 514 514 514 Borden.60 126 15 1412 1414- 14	BevMart 48   977   23%   18%   22%+4   Brooks F 40   340   25   23%   24%- 48   Brooks F 40   110   27   22   27 + 4%   Brooks F 40   14%   13%   14%   14%   BrwTon   856   19½   18½	ColiniP 29r   43   136   136   136   136   137   136   137   136   15   135   136   137   136   15   135   136
		Amorex 709 19 17 18%+1% Amores 825 3-16 1 1-16 1 1-16—1-16 AAporats 20 153 546 546 548 ABkrFlo 1b 126 18% 1844 1844 ABkrFlo 24 54 8 746 746—46	AUIndrwf A4 xd2 8% 7% 7% 7% 7% 7% 7% 7% 7% 7% 7% 7% 7% 7%		BirdSon 1400   59 29   28½ 29 + ½   BckeySt. 32   209 13¼ 12¼ 12¾—1   BiscoSt. 76   453 19¼ 17¾ 17¾-1¾-1¾   Buckeys 40   333 11 9¾-11 + 1½   BirHilli 1,44   720 26¾-23½ 26¼+7%   BirHilli 1,44   720 26¾-23½ 26¼+7%   BirHilli 1,44   1½   1½   BirHilli 24   1½   1¼ 1½   1½   1½   BirHilli 24   1½   1¼ 1½   1½   1½   1½   1½   1½	Corlech 20 113 9 8% 8% 1% 10 Corboln 40 273 2112 2114 2114 14 CordPoc 811 2214 2014 2014 214 14 CordPoc 5 5% 5% 5% 5% 5% 5% 5% 5% 5% 5% 5% 5% 5
	APFEIec 36 6% 672 6% APFEIEC 385 5% 4% 475 4% APFEIEC 482 1% 1% 176 176 176 176 176 176 176 176 176 176	ABRLIFI 24 653 12% 11% 12%+1 ABiomed 49 3% 3% 3% ACilpper 84 68 7% 7% 7% AComwiF 146 2% 2% 2%	Amerra 20r 301 11% 11% 11% 1% 10 Anoidie 10 776 7% 6% 7 + % Anoide 5 52 20% 20% 20% 20% 20% 4 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	Aut MdLo.50 44 5½ 5½ 5½ 5½ 80 80 12 5½ 112 5¼ 4½ 5½ 1½ 4½ 80 5½ 1½ 4½ 80 556 112 5¼ 4½ 80 5½ 1½ 4½ 80 556 112 5¼ 40 556 112 5% 40 556 112 5% 4	BluftdSp 1.200 56 2014 1934 1934 1934 193 1936 1937 1938 1938 1938 1938 1938 1938 1938 1938	Cedar PT 80b 159 234, 234, 234, Celina Fn 60 38 20 1914 20 + 14 Cencor 147 3 236 3 + 16 Centent 05e 862 1046 944 1016 + 13
	AcetoChs 19 13% 13V2 13V2 V4 AcrneEl 40b 48 15V6 14V6 15V6 + V6 AddRes 08e 307 4V6 4V6 4V6 V6	AFID 22 x61 11% 11 11% AFID 20 x61 11% 11% 11% 11% 11% 11% 11% 11% 11% 1	And/Jcb 956 81% 7 734 + 36 And/SA 4726, 775 J34 346 356 49 And/SA 616 1.586 158 1979 1834 1936 Anthouse 8 80 x3714 2336 2217 2334 + 36 Anthouse 28 37 734 634 634 634 634	Bairdw 14e 133 8V 8 8 - V7 BaylvCp.20 101 15% 14V2 15%+ V7 BairdCp5 302 7 6V6 6V6 14 8 BbarCrk.24 422 8V6 7V6 8 - V6 BakerBr 20 490 7V6 6V6 7V6 4 8 BeardOll July 112 12V6 12 12V6 V6	Bable vn. 60   391 3634 3444 35   Butter Mt 90 170 22 211-2 214-2 13   Bahemia 70b 375 211-2 224 275 1/2   BahmRs 150 2912 28 281-2- 1/2   CBTCP 260 46 36 351-3 36 + 1/2   CBTCP 260 1014 111-3 101/2 111-3 + 11-3   Bandrac 2581 6 514 536-46   CLASI PL 144 38 93-9 91-91-91-4   PL 144 144 163-163-163-163-163-163-163-163-163-163-	CentiBco L58b 106 26 25% 25% - 4 CnBshSo 48 160 14% 14% 14% CenBkSy 40b 93 84 8% 84 1 g CenMigRi 62 51 51 51 51 1 1 1 1 1 1 1 1 1 1 1 1 1
	AdvRoss 96 314 3 316 to AdvANCr 816 254 2272 2274—114 Advent 297 514 517 514 to Advent 297 514 517 514 to Advent 238 816 8 814	AGreet 40 3889 13% 13% 13% 13% 4 % AGRIFFES 174 5½ 5½ 5½ 5½ 5½ 5½ 5½ 5½ 5½ 5½ 5½ 5½ 5½	Apeco 1586 7-16 3g 7-16+1-16 Apolom 20e 57 4% 4% 4% ApidMil 562 5% 4% 5%+ by ArdMay 102 1% 1% 1%	Boldwily 50 x121 21% 20% 20% 34 Beehvint 146 54% 5½ 5½ 5½ 5½ 800 500 1200 42 20 16½ 16½ 22 21 16½ 16½ 20% 16½ 20% 16½ 16½ 20% 16½ 20% 16½ 16½ 20% 16½ 16½ 16½ 16½ 16½ 16½ 16½ 16½ 16½ 16½	BosionB 1.20	CenNRc 1 10b 11 201 201 201 201 1 CenNRc 1 10b 101 10b 107 10b
:			ArgoPet · 873 13½ 12½ 12½+ ½   ArgonIE 64 9½ 9¼ 9½ AriznBik 60b 152 16% 16% 16% 4 %		Brenco 1 177 2845 2745 2845 +1 CallonPet 95 545 546 48 Brinks 40 191 786 736 736 15 CalnyFd 20e 47 1446 14 1446 48	(Continued on Page 10)

. Ill of these securities baring been sold, this announcement appears as a matter of record only.

NEW ISSUE

MARCH 1978

BkSecL1,44 BkrTrSC 1.20



### The Industrial Bank of Kuwait, K.S.C.

Kuwaiti Dinars 10,000,000

71/2 per cent Bearer Bonds due 9th March, 1983 Issue price: 100 per cent

Date of Issue: 9th March, 1978

Interest payable on 9th March and 9th September in each year

Kuwait Foreign Trading Contracting & Investment Co. (S.A.K.)

The National Bank of Kuwait S.A.K.

Underwritten and provided by

Abdulaziz & Ali Alyousif Almuzaini Co. Al-Ahli Bank of Kuwait K.S.C. Arab Company for Trading Securities (S.A.K.) Arab Financial Consultants Company S.A.K. Arab Trust Company S.A.K. The Bank of Kuwait and the Middle East K.S.C. Burgan Bank S.A.K. The Commercial Bank of

Kuwait S.A.K.

Financial Group of Kuwait K.S.C. The Gulf Bank K.S.C. International Financial Advisers \$.A.K. Kuwait Financial Centre S.A.K. Kuwait Foreign Trading Contracting & Investment Co. (S.A.K.) Kuwait International Finance Co. Kuwait International Investment Co.

Kuwait Investment Co. S.A.K.

Kuwait Real Estate Bank K.S.C.

The National Bank of Kuwait S.A.K.

This announcement appears as a matter of record only

### U.S. \$ 200,000,000

(Revolving Credit and Term Loan)

### P.S.A. PEUGEOT-CITROËN

Managed by:

Lazard Frères et Cie

**Morgan Guaranty Trust** Company of New York

Société Générale

Co-Managed by:

**Banque Nationale de Paris** Banque de Paris et des Pays-Bas Crédit Lyonnais Bank of America NT & SA **Chase Manhattan Limited** 

Compagnie Financière de la Deutsche Bank AG **International Westminster Bank Limited** 

and provided by:

Morgan Guaranty Trust Company of New York

Société Générale

Union Bank of Switzerland

Bank of America NT & SA

Banque Nationale de Paris

Banque de Paris et des Pays-Bas

The Chase Manhattan Bank N.A.

Deutsche Bank Aktiengesellschaft Crédit Lyonnais

International Westminster Bank Limited Amsterdam-Rotterdam Bank N.V. The Bank of Tokyo, Ltd Banque Bruxelles Lambert S.A.

Banque Européenne de Crédit (BEC) Barclays Bank S.A., Paris

Bayerische Landesbank International S.A.

Société Générale de Banque S.A.

Bayerische Vereinsbank International S.A.

Agent:

Morgan Guaranty Trust Company of New York

February 1978

		¥e.	301¢ NC'	,
_	1805 might towards to	Nue '	100s that pay tost their	1
	<del></del>	<del></del>	· <del>-</del> · · -	<b>∤</b> 、
		ComCin 5e	356 late 1436 1436 - a	Cata(4 to 24 a
(Contin	ued from Page 9.)			Date 100
	ato ii-mii i aga 7.,	្តិការ្យើករ 👸	a7 30 29 : 30	DalaRes 12
entur Pt	11 4: 4: 4:	CmTcN1140a	21 18's 1814 1814 s	
mirBks 40	179 734 7:4 /34+	_ (mwBkPg I 80	IE 25 23 33	Dalai m
tniv Tel 48	107 7 644 6"8+	Could Rs 148	2 18' 2 18 a 16 a · •	Dojusta
mly21	675 70'= 17' 19' +	յ Ըրդա Tei2 20	#21 29 <b>. 29 # 29 #</b>	Datum
YOM MA	275 29 26 29 +	ComnAm	120 1 3 3 3 6	(Janhun )
mpPrt 16		f (comming 52	103 23 4 22 23 4 1 4	Daylın
hmpPd 80		* Lama≥ 69e	pld 15tm 14tm 15 .	Davi AAul lu
nar Riv 29		College Ma	163 3 24 3 + 4	DBper 49e
		CASE TOO	36 2 1 15 16 2 + 1 16	DeanFd %
n/m5h 20	+ - وا 14 - 16 . 16 . 90	1 mm-	137 6 5 5 4 4	Decisibat
1011Ho B4				DekibAu 60
OB. SAArtior	79 12'4 12 17 4+	CmpfAut Obe		Deligi
rafimDr 3?	17 7° 2 73m 74m -	Compsv	73 No. 14 Pat at	
rei Pier	87" 27 . 25 . 27 .+	( mpCom	598 9 8' 8' 4	Ust nar de
1011-Nuc 05r	358 9 8 4 4 +	( mptNet	860 10 g1 g1 gr, 4-	Elemis VA 2 40
nemed ) 40	114 27 20': 27 +	: CmrtPas	130 714 714 714	DenvRE //
Mileg !	216 231. 22 23 1+	, ' Empren	1137 15   13 p 14 p 16	DepGuur 1 20
meer 24		Lomshre	508 12 10 . 114+1-	Defre-C f
INWT:		Comtech	839 13 11 4 12 a 4 14	Detion (130
HdWid	- 424 H h H H H H H	<sup>8</sup> Lomten	15/4 21 . 19 a 2144 92 a 1	DetintB I 50
nubb 1 96	392 3 270 3 +	. Longer 70	836 11 / 12 13 4+1 4	DetBht p   40
	1125 35% 33% 34 -	Concept Do	330 B	DiguDat
IUI Dest 1 40	20 35 34 : 35 +	ConnGen	3557 344m 331 131 1	
ndvs s	2158 PJ 850 B50	ConBi Br i 400	10 17 4 17 17 - 4	Dial sui 400
nnFin 104	113 27% 21% 21%s-	. Concern	413 6 5 5'8 '8	Digit is 80
nevid	مأ وليا وا	Cristian 254	70 20 20 20 20	Diamhd
rcincS   30e	93 14'a 14'a 14'a-	onFibr	247 2's 1's 1's-	Digit by
12 <b>50</b> CD 1 04	32 19: 18% 18%	ConPap 2		Dinni Bel 80
1150Ga	. 5 و-ا5 : 5 55	ConWat Leab		DISCINY 170e
UFSL 77	14 15 15 15			Discort
12Fid 1 20	<b>-20 25</b> · <b>- 25 ?</b> 5	CriBNor 1766		DivEorts 1
12UIA 5	18C 3912 39 3916+	CRICEO 640	769 35 : 34 : 34 1 6/8 14   13 n   13 n   17	DisnCry 120a
12U:B 2 34	117 34 4 33 . 34 4 7	" ColCurv		Docute: 4
vN1Cp 1b	10e 37 31 . 37 + 1	Contran		DgiRes :
lyfrsi Bco at	48 17 4 17 12 4+	Conwed 80	100 1514 15 4 15 4	Doilr Gn 34b 5
obir 126	32 3 2 3 4 3 : -	COOF 5 B 25	2768 14 123a 13'a+  = 1 2873 39 34 38'z+4	manager 30
GCK.JL, 1 20	99 34'; 34'; 34';	Cordis		DomBsn 80 .
eviri 2	143 374 37 / 37 /-	Courses 48b		Donidso 73 1
eut Rt	179 44 4': 4:-	CousnPr		(Janovan 84
0WCp 40	593 13'; 13 13:+	CovingR	Al306134 5's 7 a 4 A	DorchGs 2
bel,ab	[82 22'4 21 72'4*1	Crooler 56	40 8 B B A B'A	DehtvBr JØ
coCol 56	201 16 15 151-+	- Crowld 88a	a211 224a 20 a 21 z+1 a	Derstorn alle
cale 70	5 18 : 18 , 38 :	CravRes	1356 40 374 44-2-01-	DovieDB 128 1
coMin 48	158 17 4 17 # 17 4	Critins &C	ما 18 ما 18 ما 18 م	DrextrT 2
hereni	2299 10 , 7 , 10 - 2		421 7 . 7h . 7h . s	Duallire 28 S
ilegeU 25	596 24°, .9 121 L+2	CrossCo BO	279 40 38 38 1	DuckwSr 40 I
InBcp 1 60	20 174 17 2 17 2	CrumpE 20b	179 Pag 7 a Pa. bp	Ducomii 40
iGsEn I 32	32 17 . 12 . 12 .	CullenFr 75	51 25 23 . 74", + 2	DurikinD 20e 6
ILIAC 44	197 to 154p 15's+	Collom 85	60 17 17 17 4	Durh Lie 1 70
invFds 10r	ە ۋ ۋ	: Dan OSr	33 4 4 4 4 4	Duriton 80 .
INBsh 1 24	113 26 - 75 75 -+	_   Dankis	300 9 8°. 9 • .	Darz Firt 18 2
	7.77 10 104 . 101	: Open - Ali I 20	214 22 301 301 3	D D

Over-Counter Market

Elysées Rond Point is one of the most prestigious multi-million pound commercial developments in Europe and is designed to the most exacting standards of discerning international clients.

This elegant development, built on the site of the historic Figaro headquarters, embraces six floors of superb office accommodation, restaurants, an ultra-modern shopping gallery on two levels and basement parking.

Combining luxury appointments, unrivalled facilities and classic location in the heart of Paris, Elysées Rond Point is scheduled for occupation at the end of 1979.

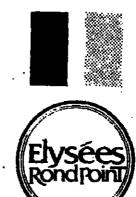
Preliminary enquiries should be made to the Sole Agents.







17 rue de la Baume 75008 Paris Tel 225 2780 Telex 290370





### ATCO is in the Middle East.



ATCO builds construction camps. With inventory and service facilities adjacent to prime

areas of activity. ATCO can offer its clients in the Middle East a top-quality shelter product engineered to meet specific site requirements. We deliver Call us

ATCO INTERNATIONAL den mil (1941) 48 flott frank it Berthille Primit of Mali Art force get Men Primit of Mali force 18414 (1965) or 183 C. force 200 flot Primit of Mil I park 48410 (1)



Dfls. 50,000,000.-64% Bearer Notes 1973 due 1977/1980

### **MALAYSIA**

Second annual redemption instalment (Redemption Group No. 2) fell due on June 15, 1977)

As provided in the Terms and Conditions Redemption Group No. 1, amounting to Dfls. 12,500,000.--, has been drawn for redemption on June 15, 1978 and consequently the Note which bears number I and all Notes bearing a number which is 4, or a multiple of 4, plus 1 are payable as from

June 15, 1978 -

at Algemene Bank Nederland N.V. (Central Paying Agent) Amsterdam-Rotterdam Bank N.V. Bank Mees & Hope NV Pierson, Heldring & Pierson N.V. in Amsterdam;

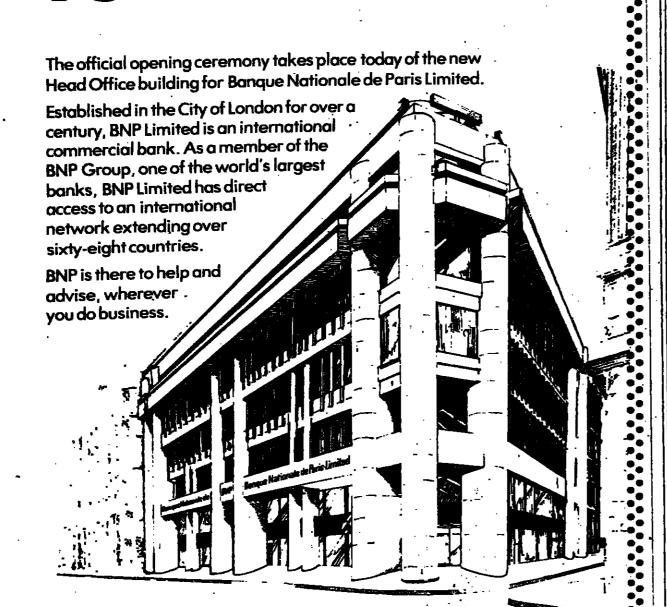
N. M. Rothschild & Sons, Limited in London;

Kredietbank S.A. Luxembourgeoise in Luxembourg. Algemene Bank Nederland (Geneve) S.A.

in Geneva; Algemene Bank Nederland in der Schweiz AG in Zurich.

April 26, 1978 -

# BNP building for the future





/SIA

# Banque Nationale de Paris Limited

8-13 King William Street, London EC4P 4HS, Telephone: 01-626 5678, Telex: 883412 BNP LNB Also in Knightsbridge, Birmingham, Leeds and Edinburgh BNPGroup Head Office: 16 Boulevard des Italiens, Paris 75009



•	. 1	u.s. \$25,00	00,000		
	FLOATII	NG RATE NO	TES DUE 198	33	1
ı	•				!
CHA!	SE MANHATTAN Limited	SALOM	ON BROTHERS IN Limited	ITERNATIONAL ·	
BANQUE NATIONALE DE	PARIS . C	REDIT SUISSE V Limite		DAIWA SEC	CURITIES CO. LTD.
THE DEVELOPMENT BAN	K OF SINGAPORE		RNATIONAL mited		ING & COMPANY pited
UNITED CHASE MERCHAI Limited	NT BANKERS	S. G. WARBUI	RG & CO. LTD.		HE LANDESBANK tentrale
LGEMENE BANK NEDERLAND NV	AMEX BANCUM	M ANDELSB	anf [ n a ~ (ianeban	ARAB MAL'AYS	IAN DEVELOPMENT BANK
SIAN INTERNATIONAL ACCEPTANC		AYAL A F	NAMET INK ( . 11)	BANCA	CIMMERCIALE ITALIAN
BANCA DEL GOTTARDO	BANCOURGL	JUD HISPANU AME Fitt	CANL	BANK ÜF	AME FIICA INTE RINATIONA Limited
BANK JULIUS BAER INTERNATIONAL LIMITED	•	BANK LEU INTERNA	TIDNAL LID		OF TOKYO IHOLLAND) N
BANKERS TRUST INTERNATIONAL	BANOU	BRUXELLES LAMBE	RTSA		LI COMMERCE EXTERIEL
BANQUE INTERNATIONALE A LUXEM	IBOURG S A	BANOLIE DE PI	ARISET DES PAYS BA		IL POPULARE SUISSES
BANQUE DE L'UNION EUROPEENNE	. BARING	BROTHERS & CU		SCHEVEHEINSBANK	BERGEN BAN
ERLINER HANDFLS UND FRANKFL	•	BLYTH EASTMAN I International	( pTu(p+1)		S BANQUES POPULAIRE
ASSEDES DEPOTS ET CONSIGNAT		· CARR SONS & CU	•	enlye 6 ci) Pinternational group	CENTRALE PASOBAN
HARTERED MERCHANT BANKERS Limited		IANK OG NREDITKASI	- <b>*</b>		Akuengeselscha CUMMERCIAL DE FRANC
CONTINENTAL ILLANOIS Lamped	COUNTY BANK Limited		IT AGRICULL IC NOA! INDUSTRIEL ( 1 CUMN		CREDIT LYONNA
CREDIT INDUSTRIEL () ALSACE ET DE	LORRAINE	CREDITO (TALIANI			O BANK NEDERLAND N
CREDITANSTALT BANKVEREIN		NSKE BANK	DEN DANSKE PRIJ		EN NORSKE CREDITBAN
DBS DAIWA SECURITIES INTERNATION CONTRACTOR	LON READ OVERSEAS C	Akueselskab	DRESDNER B	ANK EUFIO	PE AN BANKING COMPAN
Deutsche Genossenschaftsburf EUROSEAS SECURITIES	•	IST BOSTON (EUROPE	Aktenyspisi		Limited 30 ASIA MERCHANT BAN Limited
Limeed GENOSSENSCHAFTLICHE ZENTRALI Vienna	BANK AG · ·	Lanaced	GROZENTHAL	LUND BANK DER OSTERR Aktum gesellsung	EICHISCHEN SPARKASSE It
Userna Userna GROUPEMENT DES BANQUIERS PRI		HAMBROS BANK	· 145595	CHE LANDESBANY	HILL SAMUEL & CI
	SUEZAŠIA KIDDER	PEABODY INTERNA	TIONAL KJØBE?	NHAVNS HANDELSBANK	KLEINWORT BENSO Limited
KREDIETBANK SA LUXEMBOLIRGE(		E LE HIMAN BROTHER	EASIA LAZAI	PUBACIAEAS CO Lavido	LAZARD FRERES ET C
LLOYDS BANK INTERNATIONAL Limited	LTCB ASIA Limeed	MANUF	ACTURERS HANDVER Limbed		NCH INTEPINATIONAL & C
MITSUBISHI BANK (EUROPE) SA	SAMUEL MONT	AGU & CO	MORGAN CRENFELL Limited		N GUARANTY & PÁRTNEF Lamada
NE DE PLANDSCHE MADDENSTANDS		NEDERLANDSE CE			CUPITIES CO. (EUROPE) LI
NIPPON EUROPEAN BANK 5 A	NOMURA EUROPE N		NHEIM JR & CIE	()RION PACIFIC Limited	OVERSEAS UNION BAN Limited
PRIVATBANKEN F	ROTHSCHILD BANK AG		A HOTHSCHILD & SON		A BANK IUNDERWRITER
J HENRY SCHRODER WAGG & CO		SCHADDERS & CH		•	JAPAN MERCHANT BAN
SINGAPORE NOMURA MERCHANT		SKANDMAVISKA E			INLEY HARRIS UPHAM S. C
	OF TE GENERALL DE BAN	ULESA S	TRAUSS TURNBULL 6		FINANCE INTERNATION
SUN HUNG KAI INTERNATIONAL	SVENSKA HAND		SWISS BANK CORP (Overspas) Lim	HEU .	COSE FINANCE HONGKON
TRADE DEVELOPMENT BANK London Branch	TRINKAU	S & BURKHARDT.	•	IN DE BANQUES ARABES E	
VEREINS UND WESTBANK Aktiengeselischaft	WARDLEY Limited	WO	OD GUNDY Limited	YAMARIHI MILHN	N IONAL INEDERLANDITA Er yam 134

### American Exchange Options

### Chicago Options Table

ASK FOR IT EVERY DAY. EVERYWHERE YOU GO.

International Her it limes. We've got news for ;ou.

(An international call means business.) "Long Distance is the next best thing to being there.

Dfls. 30,000,000.— 6½% Bearer Notes 1972 due 1976/1979 of

THE COUNCIL OF EUROPE RESETTLEMENT FUND FOR NATIONAL REFUGEES AND OVER-POPULATION "IN EUROPE Strasbourg

(Headoffice 55 avenue Klöber, 75784 Paris Cedex-16)

I hird annual redemption instalment (Redeminion Georgi No. 2 and No. 4 fell due on June 15, 1976 and June 15, 1977 resp.)

As provided in the Jerms and Conditions Redemption Group No. 3, amounting to Dfls. 7,500 (a) 1... has been drawn for redemption on June 15, 1978 and consequently the Note which bears number 3. and all Notes bearing a number which is 4, or a multiple of 4, plus 3 are payable as from

June 15, 1978

Algemene Bank Nederland N.V. (Central Paying Agent) Pierson, Heldring & Pierson N.V. Amsterdam-Rotterdam Bank N.V. Bank Mees & Hope NV in Amsterdam;

Banque Bruvelles Lambert S.A.

in Brassels: Banque Internationale à Luxembourg S.A.

in Laixembourg: Algemene Bank Nederland (Genève) S.A. in Geneva:

Algemene Bank Nederland in der Schweiz AG ın Zarich

April 26, 1978 :

### **Consolidated Trading** Of AMEX Listings

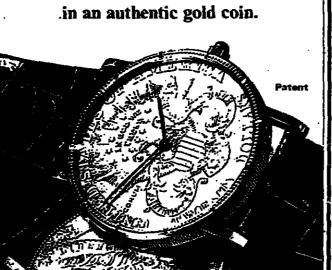
Howorld Reigrp wi Shenan Oil Macros Ind Loews Thw AcCull Oil Swest GFin Allen Airi Willen Cor

**Bank Stock Quotations** (Closing Praces of the week's trading (

Barbanks
Cleveland Trust Co
Defroit Bank Carporate
Fidelear Inc
First Md Baca
First Not Cure.

You will treasure

our ultra-thin watch



The price is quite high! But... a small price to pay for a family heirloom. CORUM

Artisans d'Horlogerie Fine

At the finest jewellers, For a full-colour brochure write to CORUM 2301 La Chaux-de-Fonds Switzerland.



### Tokyo Pacific Holdings N.V.

Curadao, Nemenands Antilles

At the Annual General Meeting of Snareholders held on 5th May. 1978 a cash dividend of USS 0.30 per Ordinary Share was declared payable as from 16th May 1978 against delivery of dividend coupon No. 8 with any one of the Paying Agents

Pierson, Heldring & Pierson N.V Herengracht 214 Amstergam

National Westminster Bank Limited Stock Office Services 5th Floor Drapers Gardens 12 Throgmorton Avenue London EC2P 2ES

Banque Rothschild 21 Rue Lattite Paris 9

Sal. Oppenheim jr. & Cie Unter Sachsenhausen 4, 5 r bin

Trinkaus & Burkhardt Konigsallee 17 Dusseldorf

### Tokyo Pacific Holdings (Seaboard) N.V.

Curação, Netherlands Antilles

At the Annual General Meeting of Shareholders held on 5th May, 1978 a cash dividend of US\$ 0.22 per Ordinary Share was declared payable as from 16th May, 1978 against delivery of dividend coupon No 8 with any one of the Paying Agents

Pierson, Heldring & Pierson N.V. Herengracht 214, Amsterdam

National Westminster Bank Limited Stock Office Services 5th Floor, Drapers Gardens 12 Throgmorton Avenue, London EC2P 2ES

Banque de Paris et des Pays-Bas 3 Rue d'Antin, Paris 2

Banque de Paris et des Pays-Bas Belgique S.A. Boulevard Emile Jacqmain 162, B1000 Bruxelles

Banque de Paris et des Pays-Bas pour le Grand Duché de Luxembourg 10a Boulevard Royal, Luxembourg

### INTERNATIONAL BONDS

ar-denominated issued

in perna mo			
(a weekly list o	f non-do	lla	
DM Bonds (average proces)  bed 61-87 iot Entwick! Bk 7-85 vstration 51-89 rossilen 51-89 rossilen 62-85 C C E 7-89 N T 7'-83 F P 8'-85. F P 6'-84 N P 6-87 vratiom 51-87 I 8 61-84 I 8 6-89 vrotima 8-83 vroparot 7-83 vroparot 61-87 vrotima 61-88 vroparot 7-83 vroparot 7-83 vroparot 61-87 N G 7'4-83 nationa 7-87 N D 6-87 A D 6-88 A D 7-87 A D 7-87 A D 6-88 A D 7-87 A D 7-8		;	
. (GYFTUYE BYNCES)	102.00	ı	
bed 614-87	102.00	1	
ioi Eulwicki. BK 7-85	104.00	ĺ	
ustralien 54.89	102.25	1	
rosilien 714-84	104.00	İ	
rosiljen 674-85	99.90	•	
CC £ 7-89	104,85	1	
N T 7'4-83	107.00	ì	
FP8'-2-85	108.00	ļ	
F P 61.2-84	102.75	ı	
N P 6-87	100.75	ì	
ratom 54-87	98.75	1	
I RANJA	105 50	ı	
I B ARO	100.40	ı	
rotima 8.83	113.25	ĺ	
refiere the BE	104 10	١.	
	104 70 -	ļ	
	101.50	1	
11 OPO1 U1 0 4-97	101.30	ı	
W G 7 4-03	100.00	ļ	
1371B110 7-67, ,	00.75	l l	
) STRUCKS 344-70	70.23	I.	
n Zentralak wien 6-8/	100.60	ľ	
rara Unitaria ali 2-67.	103.75	t	
A D 7-87	106.75		
D 6'4-88	101.50	ŀ	
1759-87	105.50	l	
1636-87	103.60	t	
ngd of Denmark 6-88	100.50	1	
ngd of Denm 514-84	100.70	l	
sbe 61/2-87	105.00	ı	
penhagen 71 1-86	106.25	۱.	
ontreat 7-87	101.50	) `	
ruseeland 7/2-86	105.00	١.	
euseeland 7-87	104.50	ŀ	
useeland 51-4-86	101.00		
rg Kommungibk 6-89 .	100.70	i	
rpipe 6-89	100.75	1	
rsea Gas 7-89	103.75	ŀ	
rsk Hydro 64-89	104.30	Ì	
sterreich 64-85	106.60	ļ	
ebec Provinz 7½2-87	107.15	ı	
ebec Hydro 61·2-87	701.85		
ebec Hydro 614-87	100.50		
nko Steamship 842-84 . 📍	103.25		
nko Steamship 7-84	104.00		
hweden 6-89	100.40	ľ	
est 644-89	103.75		
eltbank 64-87	103.50		
sterreich 64c-85 sebec Provinz 71:z-87 sebec Hydro 61:z-87 sebec Hydro 61:z-87 siko Steamskip 81:z-84 siko Steamskip 81:z-85	110.00		
eltbank 6½-85	103.00		
eltbank 5%-90	98.25		

Units of Account Cred Nat 8-86 Denmark 8-86 ...... E.S.B. (111) 84-86 .... Norges 74-86.
Reed 63-86
S.D.R. 8-86.
Apel 919-85.
Copicture 9-89
Cop City 834-86.
Cop City 814-86.
Cop City 10-79
C.C.A. 914-85.
Cop Tel 914-85.
Enso 914-85. Enso 914-84 ..... Funen Tel 9-84 ... G.I.S. 93a-83 ..... Helsinki 10-83 ....

Denmark 6%-87 .... Gr. Mel.Hat. 6%-87 . Finland 7-87 .....

ISE 617-87..... Reed 614-87.... Sigter 714-87....

133.50 133.50 133.50 133.50 105.00 104.00 105.75 104.75 107.50 108.50 108.50 109.50 108.50 109.50 Monitoba 714-85 .

**NYSE Averages** 

44.14 4172 44.00 39 % 39.44 39.54 57.89 54.48 57.28 54.42 5111 51.97 +0.51 -0.25 +0.94 +0.07 erd & Poor's 109.38 104.36 106.64 14.20 13.73 14.02 52.69 51.50 51.85 11.02 11.54 11.70 98.30 98.57 98.53 -0.30 0.03 0.07 4.03 40 Finance 500 Stocks 840 45 817 84 829,89 227 45 220 93 224,79 187 16 184 47 185,85 292 14 281 83 286 73

**Insurance Stocks** 

Ford 914-83.

GMAC 914-83.

Hudson Boy 1014-81.

Manitoba 914-85.

Royal Conada 912-88. Ammonthini 40
Ammonthini 40
Ammonthini 720
Ammonthini 720
Ammonthini 60
Amundi 60
Amundi 60
Bankraseelli 44
Benetikotop
Bana 86 99.50 100.00 101.25 102.00 191.25 102.00 199.50 100.25 100.75 101.25 100.75 101.25 100.75 101.25 Texasguil 10-86 nto Dominion 9-82. BMA 80 CaralCasity 32 Cantennial Ca.35e ChaseNatLie 1 ChaseNatite I Chespki, FA 24 Chespki, FB 24 CaubbCorp I.70 College Univ 25 Colonii, Igacc, At Columbio Noti Combinsam I Comagenins Contami, Isa 1.24 S.Africa 8-86..... E.N.E.L. 7'4-86.... Eurofima 7'4-81.... Interfriga 71:2-86...... BASF 7':2-87 87.00 90.00 CNA 9'4-87 99.50 100.59 CECA 10'2-82 99.75 100.75 Charbonnoges 10'1-87 81.00 82.00 Cim Lolarge 7'1-87 81.00 82.00 Cred Fonc 10'1-82 101.50 102.50 E1B 7'4-88 81.50 82.50 Poribos 10'1-82 101.50 102.00 Peugeot 10-83 99.75 100

Contamine 124
CottnStotile 20
Critérian Ins.60
Durtamine 1.20
ERCCORP 12
Eldorado Geni
EmpfirMar 50
EmploverCos 1 leb
EquitGenCp 92
Fenaltowa 1 ABN 9<sup>1</sup>2-79. 103.50 104.25

AMRO 9<sup>1</sup>2-79. 103.25 104.00

Arbed 6<sup>1</sup>4-80. 98.75 99.50

BP 6-79. 99.25 100.00

Cons Foods 6<sup>1</sup>7-80. 100.25 101.00

Eurotimo 5<sup>1</sup>4-79. 99.25 100.00

E18 9<sup>1</sup>2-79. 103.00 103.75

Govelt 6<sup>1</sup>4-79. 99.50 100.05

Ned Gas Un. 9<sup>2</sup>4-79. 103.25 104.00

New Zeland 6<sup>1</sup>4-79. 100.25 101.00

Sperry 6<sup>1</sup>7-79. 99.25 100.00

Sperry 6<sup>1</sup>7-79. 99.25 100.00

Sperry 6<sup>1</sup>7-79. 99.25 100.00

Sperry 6<sup>1</sup>7-79. 99.25 100.00

Equational Exercision NY 40
Exercision NY 40
FarmitomeLi
FarmersGrp 72
FidelCo Va
FidelCo Va
FidelCo Va
FindsecGrp 36
FstAmFin 40
FstColonvLte 54
FstColonvLte 55
FstColonvLte 56
FstColonvLte 93.00 95.00 98.06 99.00 91.00 93.00 93.00 95.00 91.00 93.00 91.00 93.00 94.00 95.00

32 25'4 7 8% 85 24'2 13 15'2 18% 35 2'4 Southland Fin J2 Sowsin Life 72 Sover eign Cp 95r StLife Indiana 39 SidSec Life Statesm Grp 150 Transpri Life 28

May 8, 1978

UnitaveLife 72
Vice Corpac
WestnCasSur 1.16
WestnStoLfe 1.30
Windsor Lie
WridSveLfe
ZenitbNat Inss
Zenith United

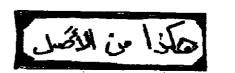
We are pleased to announce the following appointments

### MAXWELL F NEILSON

First Vice President in charge of the International Investment Management Department

> ALLAN W. MARSHALL First Vice President in charge of the International Bond Department

BLYTH EASTMAN DILLON & CO. INTERNATIONAL LIMITED



### Seen as a Major Breakthrough

# China Reports Finding Oil, Gas Under Sea

Fox Butterfield HONG KONG, May 7 (NYT)hina has discovered oil and natu-al gas in the South China Sea and

plans to turn the deposits into a major new oilfield, a provincial ra-tio broadcast has disclosed. The discovery, which represents a major breakthrough in China's efbits to exploit its large offshore oil potential, coincides with a sizable ncrease in Chinese purchases of United States offshore oil technoloy in a few months Peking has ranght from U. S. companies two faced platforms for offshore oil projuction and a movable jack-up frilling rig for exploration. There ilso are reports that the Chinese ire negotiating for a large integrat-al production and logistics system

The report of the new discovery medeat by Kwangtung, the prov-ace that horders Hong Kong, gave a details about the finds and did d reveal where they had been

hat could supply an entire offshore

Hainen drilling 'promising'

But oil industry sources and anahis here say that China is known have drilled in several locations If its southern coast, including the eff of Tonkin, around Hainan Isand and in the Pearl River estuary

Treasury Bills

1.20 1.25 1.27

. (1)

below Canton. There have been unconfirmed reports for several months that China had struck oil in the Gulf of Tankin and struck oil in the Gulf of Tankin and struck oil in the large amounts of foreign expensive th the Gulf of Tonkin and off the northeast and the southwest coasts of Hainan, with the Hainan finds

being the most promising

Last month a senior Kwangtung official told a provincial Communist Party meeting that "a fairly large collied" would be built in the South China Sea before 1985. Estimates of China's offshore oil

potential vary widely. A 1977 study by the U.S. Central Intelligence Agency calculated that China's recoverable offshore reserves at 40 billion barrels, about equal to its reserves on land. Some other estimates are higher.

Reserves Developed Slowly

Despite the size of its offshore reserves, however. China has been slow to develop them, in part because of the late Mao Tse-tung's in-sistence on self-reliance, which has limited Peking acquisition of advanced Western technology. Until now the only oil China produced offshore is a relatively small amount in the shallow waters of the Pohai Gulf near Tientsin. The field Takang oilfield. China's third larg-

Analysts believe China must now

Telephone: (030)-362832.

Telex: 40025 RABO NL.

April 28, 1978.

the large amounts of foreign ex-change needed to pay for Peking's ambitious modernization program. Oil already plays a critical role in China's foreign trade, as one of the facilities of the part is half few items it can sell abroad in bulk. But with China's oilfields on land too far away from ports and need-ing expensive pipelines to get the oil to tankers, the offshore reserves have become an attractive alterna-

China's oil production last year was 92 million tons, or 1.84 million barrels a day, placing it in 10th place among the world's leading oil producers along with Indonesia. Only 10 million tons was exported. mostly to Japan, although oil earned 16 per cent of China's foreign exchange.

Jayson Mugar, the Hong Kong representative for the Union Bank California who follows Chinese oil developments, estimates that Peking could produce 40 million tons annually by 1985 from its offshore reserves alone and could increase exports to over 40 million tons. That would bring in a third of Pohai Gulf near Tientsin. The field China's increased foreign exchange there is an extension of the onshore earnings at the time. Mugar reck-

Stepped-Up Exports?

move to exploit its offshore resources if it wants to rapidly in-

CENTRALE RABOBANK, AMSTERDAM, THE NETHERLANDS

announces the issue of:

Dfls. 200,000,000.

7 1/4% Bonds 1978.

Due 1979/1988.

In bearer denominations of Dfis. 1,000 each.

Issue price: 100%.

Interest payable annually on June 1, without deduction of withholding tax.

Subscription will be closed on May 9, 1978 at 15.00 hours.

Redemption at par in 10 equal annual instalments from June 1, 1979 until 1988.

Application has been made to list the bonds on the Amsterdam Stock Exchange.

with the idea of exporting more oil to pay for increased imports of Western technology and plants.

In April, Peking bought the jackup rig from a Singapore subsidiary of Bethlehem Steel. No price was disclosed but it is thought to have been \$25 million. The specifications include an ability to operate in water to 250 feet, and its three legs are fitted to a steel mat rather than resting directly on the ocean floor. This allows it to operate on soft seabeds and has led to speculation it may be used in the Gulf of

The two production platforms were bought from National Supply Co., a division of Houston-based Armoo Steel. Including associated onboard equipment, the platforms cost \$30 million. Oil industry sources say China plans to use them in the Pohai Gulf where it already has some of its own fixed

The sources say Peking is also talking with another Texas company about a package that could in-clude from five to 20 fixed plat-forms, pipelines and loading sys-tems for tankers. The idea would be to give Peking a fully integrated production system that could be

Payment date: May 31, 1978.

**CENTRALE RABOBANK, AMSTERDAM** 



#### World Cup Preview:

### **Brazil Seeks 4th Crown**

Brazil's chances of winning the World Cup for an unprecedented fourth time depend on its success in bridging the past and the present.

manager Claudio Continho hopes he has found the right Brazilian blend, marrying the native individ-ual skills with European discipline.

Relaxed Style

sportswriter said.

this showmanship has dangers that must be balanced.

Coutinho, considered one of the great theorists in Brazilian soccer. is stressing the value of the European-style versatility — players able to fill different positions, tackle hard and play to the limit for 90

winning 29 and drawing nine. But drawn home matches against Eng-land. West Germany. Yugoslavia and France last year have upset fans, who are wondering whether

bridging the past and the present.

A gap was created when Pele,
Tostao, and Gerson, the "blessed
triangle," left the international
stage after helping Brazil win the
trophy a record third time in 1970.

The soul went out of Brazilian
soccer and it was a more physical
side that made the trip to West
Germany in 1974 and did surprisingly well to finish fourth. Team
manager Claudio Coutinho hooes

Left to his own devices, a Brazilian player's attitude leans more toward the socccer equivalent of baskethall's Harlem Globetrotters than the regimented "total soccer" style of the Europeans. "It's a simple desire to play with the ball, to put on an individual show even if there's no crowd watching." a Rio

The Brazilian player is individually talented and Coutinho regards this talent as constant, but realizes

Until they began their tour of world record of 108 set by Europe, the Brazilians had lost only England's Bobby Moore.

# RIO DE JANEIRO, (UPI)- once in 39 matches since mid-1975.

Brazil will be able to keep up with the fast pace of total soccer.

Brazil opened its World Cup
qualifying campaign against Colombia last February and the disappointing 1-1 result led to Oswaldo Brandao resigning as coach in favor of Coutinho.

#### Proper Medicine

Coutinho's more European-style soccer seemed to be the right medi-cine, turning Brazil around for a 6-0 rout against Colombia in the return match. Brazil was less impressive against Paraguay, however. squeaking by 1-0 at home and drawing 1-1 away for just enough points to reach the final qualifying

A 1-0 vicory against Peru and an 8-0 honanza against a weak Bolivi-an squad in the Cali playoffs pushed Brazil through to the finals.

Midfielder Roberto Rivelino. only survivor of the triumphant 1970 team, is the man Coutinho is relying on to make the new style work. Counnho holds the 31-yearold team captain up as an example to his other players because of his maturity and ability to adapt to a more disciplined style of soccer.

Rivelino, an expert with the "banana" kick, has played in 105 internationals for Brazil and needs only four more caps to break the

### Major League Standings

.619 .591 .500 .678 .448

Montreol Chicogo Pilisburgh St.Louis New York WEST Los Angeles Cincinnati San Francis

.40 .600 542 .417 .490 San Francisco 2, Chicago 1, 12 Inning Pilisburgh 1. Los Angeles 2 Cincinnati & Montreal 2 Aflente 2, Houslan I. 10 innings Philadelphia £. New York 2 St. Lous I. Son Diego 0 Friday's Gesnes

Sin Francisco el Chicago, ped., resi Allanto 5. Hauston 2 Montreal 4. Cincinnali 3 Philadelphia 7. New York 4

Mantreal (Twitchell 1-2 and Grimsley 5-0) at Cincinnati (Maskov 0-0 and Sarmiento 1-1), 2 New York (Swan 1-1) at Philadelphia (Lerch 3-

W L Pci. GB 14 6 .727 — 16 10 .615 2 14 18 .543 2 12 12 .580 5 10 13 .435 6 10 14 .417 7 8 17 .320 9 Toronto : WEST 340 440 583 580 333 318 321 Seturday's Games

Basion 6-1, Chicago 4-8 Texas 9, New York 5 Milwoukee 4, Kansas Criv 3 Detroit 6, Ookland A Minnesota 8, Ballianore 7 Colifornio 7. Cleveland 3 Seattle 6. Toronto 9 Chicago al Besten, ppd., ram Baltimore 2 Minnesoto 1 New York 5, Texas 2 lukee 9, Konson Crity 0

Oaktand 5. Detroil 1

Texas (Ellis 7-1) of New York (Beattle 1-8)

Colborn, Pattin (5), Mingort (8) and Porter. Wothen (8); Coldwell and B.Martinez Wi-Coldwell. 2, L.—Colborn, 1: I HRS.—Miliwaukee. Lazcono 2 (3), Optivie (3).

Billingham, Crowlard (7) and Parrish; JJohnson and Essian, W-JJohnson, 3-1, L-Billing-nam, 3-1.

Jetterson, Willis (3), B.Maore (4), Wallace (5) and Cerone; Honeycutt and Stinson, W.—Hanevcutt, 2 · 1. L.—Jetterson, 1-4 HR—Seattle, Brown

Splitterff, Bird (9), Hrobosky (9) and Parter. Sorensen and Martinez. W-Bird, 1- 2. HR9-Konsas ias City. Parter (4).

Sykes and May, Wirth, Heaverla (1), Locey (5), Coleman (6), Renko (6) and Essian, Newman (8), W—S ykes, 1-0 L— Wirth, 1-1 HR—Detroit, J.Thormson (6).—— 806 060 000-0 7 2 010 401 00x-6 7 1 Lemanczyk, T.Murphy (5), Willis (8) and Ash-ov: P.Mitchell and Slinson W-- P.Mitchell 2-3 L—Lemp aczyk, 0-6 ~

Poston, Kinney (7) and Hossey, Knopp. Hartzelf (9) and Downing, W—Knapp, 42 L— Paxton, 0-2 HRs— Cleveland, Dade (3): Collionnia, Fairly (3), Rettenmand (1).———

Erickson, Scorce (3), Thaver (3), To Johnson (9) and Wynegar, Baremann (9); D.Martinez. Stanhouse (9), T.Martinez (9), Flinn (9) and Skapps, W--Thaver, 1-1, L-Stanhouse, 0-2 NATIONAL LEAGUE

Suffon, Coshillo (6), Hough (8) and Yeager, Condelaria and Off. W—Condelario, 24 L—Suf-lan, 2-3, HR—Los Angeles, Lacy (2)

### Friday's Line Scores

Hooton and Grate: Bivieven, Reuss (2). Kison (a), McEngnev (3) and Oft W.— Hooton, 23 L.— Bivieve n. 1-1 MRS—Los Angeles, Baker (2).

er. Maffitt (10), Lavelle (12) and Hill

### Saturday's Line Scores

Knesper, Mohitt (10), Lovelle (12) or Sodek (9); R Reuschel Sutter (7), W.Her

(10) . Moore (12) and Cox. W—MoHitt. 2-1 L—

### Andujor, K. Forsch (16) one Herrmann, Han-b, Devine (7), Mahler (7), Campbell (9) and Pocoroba W—Compbell, 1-1, L—K. Forsch, 1-1. NASL Standings

NATIONAL CONFERENCE

AMERICAN CONFERENCE Detroit

New Issue / April, 1978



U.S. \$125,000,000 Province of Saskatchewan (Canada)

94% Debentures Due 2008

Principal and interest, together with redemption premium if any, thereon, payable in New York, New York, in lawful money of the United States of America.

Salomon Brothers

**Dominion Securities Inc.** 

Goldman, Sachs & Co.

A. E. Ames & Co.

**The First Boston Corporation** 

Merrill Lynch, Pierce, Fenner & Smith

**Wood Gundy Incorporated** Dillon, Read & Co. Inc.

**Bell, Gouinlock & Company** 

Midland Doherty Inc.

Kidder, Peabody & Co.

**Bache Halsey Stuart Shields Drexel Burnham Lambert** 

Blyth Eastman Dillon & Co. E. F. Hutton & Company Inc.

McLeod, Young, Weir, Incorporated

Lazard Frères & Co.

Loeb Rhoades, Hornblower & Co. Paine, Webber, Jackson & Curtis

Smith Barney, Harris Upham & Co. Wertheim & Co., Inc.

White, Weld & Co.

Burns Fry and Timmins Inc. Nesbitt Thomson Securities, Inc.

Dean Witter Reynolds Inc. Greenshields & Co Inc Richardson Securities, Inc.

Warburg Paribas Becker

**Atlantic Capital** 

in the The state of the s

Herald Tribune

# **CROSSWORD** By Eugene T. Maleska

### **ACROSS**

- I Niche 5 Wise legislator 16 Coast Guard
- woman 14 Series of
- legends 15 Treasure 16 Prefix for
- scope or vision 17 Feds
- 18 Consumer 19 Traitors 29 Insignificant 23 That girl, in
- Lyon 24 River rising in Silesia
- 25 Pot fragment 28 Walloped. Biblically speaking
- 31 Prefix with firm and form 32 Spring festival 35 Space agcy. 39 Suffering from
- a hangover 42 Greenish blue 43 Candle wax 44 A feast
- famine 45 Type of hydrometer scale 47 Hitler's
- "pure race"
  49 Sufficient, in olden times 51 Church sector

NEW YORK (AP)— The following quoto froms, supplied by the

National Association at Securities Dealers, Inc.

Ivalue plus sales Charge) Friday

24 75 25 98 Cap8d Cap6th IncFd Ventr Eat6th FdAm Provid AGhFd

10.20 10.85 Profend 4.56 NL 10.20 10.85 Profine 10.15 NL 798 977 Pru SIP 926 10.15 100 NL Conv 1197 13.08 104 81 100 Equit 1122 1726 131 14 143 George 13 16 14.38 799 851 H1741 18.92 20.29

13 14 14 26 Greeth
7 79 8 51 Hr Yid
10 16 11 16 Incom
Invest
17 17 17 93 Optn
19 05 20.85 TxExt
8 35 9 13 Visto
7 38 806 Vovag
5 17 5 59 Reinstein

Fund. 14.17 15.49

19.43 NL 9.68 NL 19.68 NL 9.38 NL 10.15 NL 6.96 NL 10.15 NL 9.26 10.12

18.92 20.29 . 7.47 8.38 7.01 7.46

Vongui Expir Frida Ivest Marga Trusi Wellsi Wellin Wesi B

Windr Varin Walist G Mein Eq Wisc Inc

are the prices of which For these securities could Gr have been sold (Net As

13 Legal thing 21 One of 22 Child

### 53 Shabby 59 Prefix with

**DOWN** 

1 .Controversial

aircraft

alias

2 Elia was his

3 Crossword arch

4 Leatherworker

Emulate Bryan

7 Unwilling: Var.

9 Famous fiddler

II U.N. concern

Susanna's

**Mutual Funds** 

| Security Full Companies | Co

accusers

5 Have sticky

fungers

8 Kiln

18 Shrill

12 Change

- 25 Rabbit's tail 26 Sharpen precious or 27 "On a wing annual — prayer 60 Proofreader's 28 Stone slab mark Whimper
- 61 Opposite of a Mountain: Comb. form 63 Warning 33 Westernmost 64 Dutch of the Aleutians 65 Birthright seller 34 Fake 36 "Land -66 Big --
- (universe-37 Wheys origin theory) 38 Irish island 67 Debilitated group 40 Rush-hour Landlord's
  - rudeness 41 Flooded 46 Bristle
    - 48 Close-fitting jacket 49 Swelling Roman's second name

T

В.

L

0

Ν

D

E

В

E

E

T

A

Ν

D

Y

 $\mathbf{C}$ 

A

ID

R

E

X

M

0

R

G.

A

N

M.

D.

- 51 in the van Niggling --- up (has a
- tantrum) 55 Counterweight Olive or pear "Or — swoon to death": Keats
- 58 Kind of shark 59 Weep convulsively --- up with

(tolerate)

127 3 33 SolShs
187a 10 12 11.04 Appx
18.96 9 811
18.06 10.99 Com S
19.59 18 48 Grwth
18.61 11.60 Appx
18.61 11.60 Appx
18.61 11.60 Appx
19.78 10.54 Appx
19.78 10.54 Appx
19.78 10.54 Appx

moho 11.32 11.85 3.95 4.29 9 15 9.95 15.00 16.30 33.14 NL 7.87 NL 11.16 NL

Sentinet Group. Apex 379 4.14 Baton 762 533 Com 5 11.44 12.72 Grwth 8.42 9.20 Sentry F 14.13 15.36

10.41 11.86 | Cmsik | 7.23 7.68 | cncl | 9.78 10.54 | Morbr | 5.56 | 6.08 | 12.21 | 14.00 | 15.09 | Pace | 14.95 | 6.34 | 15.99 | 9.41 | 9.88 | 16.25 | 16.36 | 16.25 | 16.36 | 16.25 | 16.36 | 16.25 | 16.36 | 16.25 | 16.36 | 16.25 | 16.36 | 16.25 | 16.36 | 16.25 | 16.36 | 16.25 | 16.36 | 16.25 | 16.36 | 16.25 | 16.36 | 16.25 | 16.36 | 16.25 | 16.36 | 16.25 | 16.36 | 16.25 | 16.36 | 16.25 | 16.36 | 16.25 | 16.36 | 16.25 | 16.36 | 16.25 | 16.36 | 16.25 | 16.36 | 16.25 | 16.36 | 16.25 | 16.36 | 16.25 | 16.36 | 16.25 | 16.36 | 16.25 | 16.36 | 16.25 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.36 | 16.3

State BondGr Com F ( Div Fd ( Prog F SIFrm Gt SFrm Bo 1 State St 4

7.87 h.
11.16 NL

9.45 10.19

10.19

10.19

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

10.10

Survey F Temp Gi Temp Inv Trns Cap Trns Invs Truc Hd TwnC Gi TwnC Gi TwnC Gi USAA Gi USAA Inc US Gov Unit Accu Unit Mut

13.32 14.46
14.45 17.7
18 Berm
14.46 NL
17.53 NL
18.62 NL
18.64 NL
18.65 NL

Value Line Fd: Val Li 8,74 8,94 Incom 5,30 5,44 LevGt 15,81 16,22 Spi5if 5,45 5,57

ters 13.97 14 28 6.86 7.50 6.65 7.27 10.98 11 91

Graup.
25.98 NL
13.23 NL
8.35 NL
12.25 NL
9.43 NL
9.10 NL
9.11 NL
9.99 NL
10.93 NL

6.37 6.90 15.22 NL 4.81 NL

Wood Struthers deves 30.55 NL Neuw 8.69 NL Pine 10.65 NL

7.83 7.68 5.56 6.08 8.81 9.63 6.61 7.22 14.95 16.34

4.15 4.54 4.81 5.26 4.36 4.77

#### THESE ARE C'S: THEY'RE VERY THEY HAVE OTHER ( I'LL WHEN YOU WRITE TO ccccccc A FRIEND ABOUT 40U USES, TOO, WHICH / BE I.MPORTANT OWN A YOUR CAT YOU HAVE I CAN EXPLAIN (AROUND IF YOU DWN CAT? TO KNOW HOW TO LATER ... MAKE 6000 C'S OUR TOWN WAS SO SMALL,.. THE TRUCK-STOP WAS A NAIL. put-CASSUH RUCY 2500 WE SHARE I COOK HELP IN FIFTY-PIFTY AND HE SURVEY HE KITCHEN EATS



HEY! I

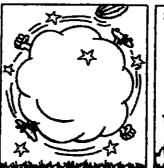
SHOULD BE

A COOK!







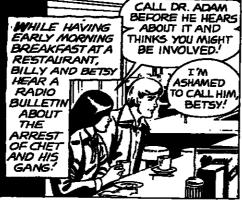










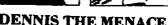




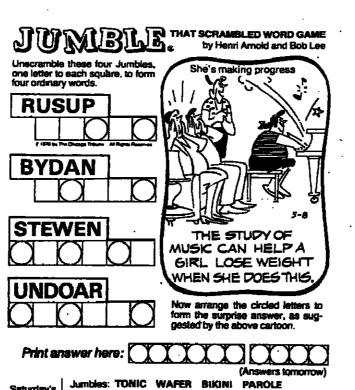








I EVER



"Registered as a newspaper at the Post Office" Printed in Great Britain'

ONE "WEAK"

What seven days of dieting make-



'You're readin' Pinocchio in black-and-white... CAN'T YA PUT SOME COLOR INTO IT?"

### **BOOKS**

THOMAS HARDY'S LATER YEARS By Robert Gittings, Atlantic/Little Brown. 244 pp. \$12.50. - Reviewed by Margaret Drabble

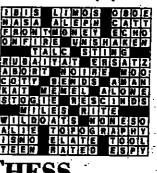
A LAS FOR Thomas Hardy, and for his devout admirers, among whom I have since child-cated man, stooping to malicious hood numbered myself. He was simply not a very nice man, and, as Robert Gitings's excellent biography "Thomas Hardy's Later Years" devastatingly reveals, he got wine and worse. One of his closest friends, Edward Clodd, otherwise known for his generosity and loyal-ty, said for an epitaph that he "was a great author: he was not a great man: there was no largeness of soul.

Gittings's account—the compan-ion volume to his earlier "Young Thomas Hardy?—reveals again and again how true this was, and the list of character traits in the index makes in itself depressing reading—"egocentricity, touchiness, superstition, close-fixedness, class-consciousness, suspiciousness, impatience of literary criticism"these weigh heavily against "fond-ness of and concern for animals" and occasional "tenderness.

The great man, who saw himself as seer and propher of the age, was in his personal life and domestic re-lations petty. Scrooge-like and sel-fish, so inconsiderate as a husband that his first wife, Emma (by no means as mad as some biographers have portrayed her), remarked to his wife-to-be. Florence, that he his wife-to-de, riorence, that the looked uncannily like the notorious marderer, Dr. Crippen, and speculated that her body might be found buried in the cellar at Max Gate. Hardy was no murderer, but he was no murderer, but he was culpably indifferent to his wives health, and when Emms died after a long and painful illness, he did everything to conceal his neglect, to the extent of rewriting any poems that might have suggested that he was aware of her suffering.

Gittings's detective work uncovers almost criminal self-absorption, and a meanness unforgivable and almost incomprehensible in the wealthiest writer in Britain: He made Florence pay for her own operations and stays in nursing homes out of her small personal savings. The meanness, of course, is not quite incomprehensible, for Hardy was a peasant, much as he tried to conceal his origins, and he retained some of the less pleasant attributes of his background—a willingness to haggle over money and property, to conceal his own income and to ward off innocent admirers as though they were marauding

What can one make of a literary hero who was physically so unimpressive, not to say repulsive, that visitors were shocked to meet him in the flesh? Of a novelist famed for his humanity and protests against man's cruelty, who was in real life morbidly obsessed by hanging murders, burnings, particularly of women, and who in old age horrified guests by relating terrible details of terrible tortures? Of a chronicler of honorable peasant life who made dishonest efforts to hide his own father's modest birth and modest success, and whose birthplace grew ever grander in his memoirs? Of the man who wrote Solution to Friday's puzzle



reacted with pain to his magnifi-cent later volumes of verse.

By a strange paradox, Hardy's later flowering as a poct, after abandoning novels in 1895 with "Jude," reveals him not as a man who has weathered into hard-won maturity, but as a "permanent maturity, but as a "permanent adolescent," with no inkling of the

cated man, stooping to malicious fury when critics and biographers

commented on Hardy's own lack of formal education? How could such

art grow out of such dishones ly?

Gittings flinches from none of these lines of inquiry, and comes up with a curious and compelling portrait. Hardy, as he says, was honest to the point of bleakness in his poetry, and certainly way beyond the point of considering the feelings of his two wives, both of whom reacted with pain to his magnific

art grow out of such dishonesty?

adolescent." with no inkling of the pair he caused others, whose feelings for women, passionate though they were until he was in his eighties, never developed heyond a certain stage of arrested enthusiasm. He could write better of the dead than of the living, of the distant than of the present. While Emma was alive, he offended her by celebrating the memory of his cousin Tryphena, and the existence of the literary and artistic ladies with whom he carried on inconcluwith whom he carried on inconclusive flirtations. After Emma's death, he offended Florence by his outpouring of poetry to Emma, and his insistence on revisiting the places where they had first met and

Yet Florence had herself beer one of those envied literary ladies more desired at a distance than it the unenviable role of housekeepe at dark, dismal, inconvenient May Gate. While he was woung her Hardy was kind enough to her considerate of her ailments, willing to pass off his own work over he signature in order to promote he career. Poor Florence was trapper as in a spider's web by these earlfavors, and Gittings recounts will insight and sympathy her struggle with the ghost of her predecessor despised in life, hallowed in death No wonder Florence was not sur whether Emma had been a morster, a mad woman or a poor vicur like herself.

There is a heartbreaking pathe in the account of Florence's man nage. As Hardy, despite ill health lived on, stubborn and indomi able, she grew weaker, aging rapidly. She caught his unpleasant characteristic of snobbery; she we compromised into agreeing to sig Hardy's own autobiography as ho own work, although after his deat she altered some of its grosser mi representations, particularly tho that tried to pass her off as Emma friend rather than Hardy's matres

Satires of circumstance, life's li tle ironies-how well her own to was strewed with these, what a tr gi-comedy was enacted at M. Gate, where the Grand Old Manolish lemers court. Much of the tale is summe up by Gittings's account of her he rible and vicious dog Wessex, c whom both the Hardys doted, i the alarm of the neighborhood an the peril of the postmen. When t died, she wrote, "He was only dog, and not a good dog alway but thousands [actually thousand of afternoons and evenings I would have been alone but for him." \$ passed the glories of literary lif Will the novels ever look quite it same again?

Margaret Drubble's most rece novel is "The Ice Age." "The Washington Pas

The eighth annual Louis D. Statham International Tournament in Lone Pine, Calif, was won by Grandmaster Bent Larsen of Denmark with a 712-11/2 score. After a first-round loss to Jonathan Speel-man of England, Larsen won seven games and conceded one draw, to Grandmaster Lev Polugaevsky of the Soviet Union, to capture the \$12,000 first prize.

Polugaevsky won five games and drew four to tally 7-2, taking the \$7.500 second prize in the 68-player, nine-round Swiss-system event.
Grandmasters Lajos Portisch of Hungary and Anatoly Lein of Cleveland shared third prize with International Master John Peters of United States, each receiving **\$**3,267.

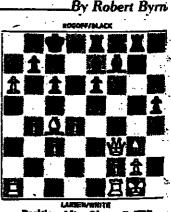
Grandmaster Tigran Petrosian of the Soviet Union and Larry Evans of Reno. Nev., tied for sixth place with International Masters Ken-neth Rogoff of the United States and Hans Ree of the Netherlands Master Vitaly Zaltsman of

New York. In the last round, while Polugaevsky allowed his chances for a first-place tie to go down the drain by taking a cautious draw with Lein. Larsen crushed Rogoff with a new gambit against the Caro-Kann Defense.

Larsen's 7 N-K5 was directed against the development of the black's QB; thus, 7...B-B4?; 8 P-QB3. P-K3? led to a disaster for Black in the game Karpov-Hort, Bugojno, 1978, after 9 P-KN4, B-B12: 10 P-VB4, 12 P-N4 N3: 10 P-KR4! P-KR4: 11 P-N5. N-Q4: 12 NxB. PxN: 13 Q-B2, K-B2; 14 R-R3. Rogoff's 7...N-Q2; 8 B-KB4.

NxN: 9 BxN has been considered a reliable simplifying line because 9...Q-Q4; 10 P-QB4, Q-K5ch; 11 Q-K2 would produce an end game only slightly in White's favor, However, it may be that Larsen would have ventured a gambit with 10 B-K2!?, QxNP; 11 B-B3, Q-R6; 12 P-

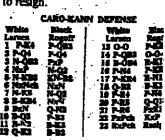
In any case, after Rogoff's 9...Q.
N3. Larsen's gambit 10 B-Q3! was
very strong, since accepting it by
10...QxNP; 11 0-0 would have given Black enormous difficulty



Position After 21 . . . PEERP getting his pieces out. On 10...P.B 11 B-N3. B-K3: 12 Q-K2. B-B2: 0-0. Rogoff had a choice of pawr but 13...QaNP?: 14 QR-N1. QxR 15RxP is hideous for Black, whi 13...QxQP?: 14 KR-Q1. Q-N3: B-B5 is even worse. B-B5 is even worse.

Moreover, Rogoff's declining the gambit with 13...P-K3; 14 P-QF' 14.0-0-0; 15 B-QB4, R-K1 left the with a weak backward KP and i sufficient mobility to offer resiluance to the attack I are n began sufficient mobility to offer restance to the attack Larsen began organize with 16 P-N4! Th 16...Q-Q1, aiming for 17...B-Q would have proven dangerous useless after 17 P-N5!, P-QB4: KR-Qi.

Consequently, Rogolf hoped stir up counterplay on the kings with 16...P-KR4 and 19...P-N4, b Larsen's attack came too quick with 20 P-R5, Q-Q1; 21 P-R6! After 21...PxKRP; 22 PxPc KxP: 23 RxPch!!, Rogoff saw 1 reason to continue with 23...Kxl 24 QxQBP! because there wou have been no defense to the doub threat of 25 Q-R6-mate and 25 Rich, KN1; 26 R-R8-mate. He h. to resign.



-it was the second hit in the game against Montreal on Friday for the 37-year-old Rose, in his 16th season. He got No. 2,999 in the third on the Reds left the dugout to con-The crowd gave Rose, a Cincin-

CINCINNATI, May 7 (AP)— handed, lined a 1-0 pitch over the Cincinnati's Pete Rose has become the 13th player in major league history to reach the 3,000-hit mark.

The ground group Rose 1 Cincinnation Processor Congruing and long-time friend who broke into probable with Rose in 1960. Photographers poured from the digout positions to record the dugout positions to record the scene as Perez congratulated Rose.

After Rose's milestone hit, his family was besieged by photographers and well-wishers in their seats behind home plate. Standing the mound that Rogers was unable to field cleanly. In the fifth, the switch-hitting Rose, butting left.

Tony Perez, a former teammate standing when he left the dugout to

make his third appearance at the plate. The crowd continued to ap-plaud even after the next batter, Ken Griffey, approached the plate and Griffey waited until the ovation died down before preparing to

The Reds were trailing 3-1 when Rose recorded his 3,000th hit. He failed to hit his first time at bat

The all-time hit list is headed by Fy Cobb, who had 4,191. Others who reached 3,000 were Hank Aaron. 3,771: Stan Musial. 3,630: Tris on. 3,771: Stan Missai, 3,630; 718: Speaker, 3,515: Honus Wagner, 3,430: Eddie Collins, 3,311; Wilhe Mays, 3,283; Nap Lajoie, 3,251; Paul Waner, 3,152, and Cap Anson.

Rose came into the season needing just 34 hits to reach the 3,000 pla-teau. After last season, during which he butted 311 and had 204 hits, he totaled 2,966 lifetime.

Rose broke into the majors with Cincinnati in 1963 as a second baseman after playing one year each with three minor league clubs — Geneva, N.Y., Tampa, Fla., and Macon, Ga.

Rose, whose uncle was a scout for the Reds, was the league's Rookie of the Year in 1963 and won his first NL batting title in 1968 with a .335 average. He won the batting crown two more times hitting a career-high .348 in 1969 and .338 in 1973.

He has the distinction of getting the last hit at old Crosley Field here - a triple off San Francisco's at the new Riverfront Stadium - a single off Pat Jarvis of Atlanta -

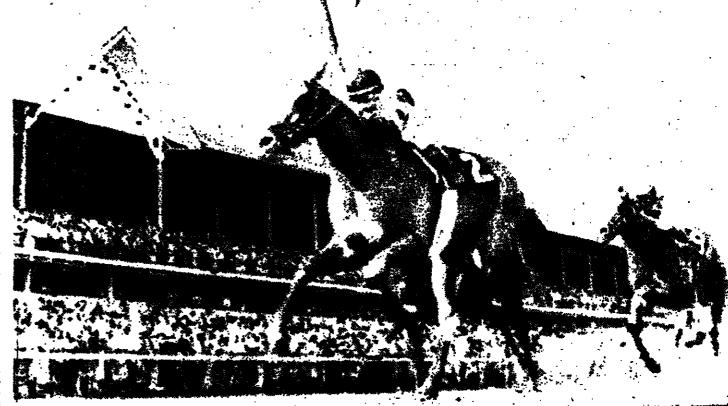
Rose reached the 1,000-hit plateau in 1968 with a single off Dick Selma of the New York Mets at Crosley Field. He got his 2,000th hit in 1973 with a single off San Francisco's Ron Bryant at Candle-stick Park and No. 2.500 came at Riverfront in 1975 against Bruce Kison of Pittsburgh.

Rose passed Frankie Frisch as the all-time leader among switch-hitters in 1977 with his 2.881st hit

Cardinals 1, Padres 0

pitched a two-hit shutout for his

St. Louis, John Denny



Steve Cauthen rides Affirmed down home stretch to win 104th Kentucky Derby

### Affirmed Outruns Alydar in Kentucky

By Steve Cady

LOUISVILLE, Ky., May 7 (NYT)-A Kentucky Derby can have only one winning script, and the dramatic scenario in vesterday's running belonged to a golden colt named Affirmed and an 18-year-old jockey named Steve Cauthen.

In a tumultuous three-horse battle royal, at Churchill Downs, Kentucky-bred Cauthen brought his 3-year-old Florida-bred colt home a lengthand-a-half ahead of Calumet Farm's favored Alydar, who led third-place

Believe It by a length and a quarter.

They said it would be Affirmed or Alydar, just as it was last season in

### Czechoslovak Icers Defeat Russians, 6-4

By Samuel Abt

mut Balderis and one on a power

play when Alexander Maltsev slid a skillful pass through heavy traffic

goals by Cernik, once when he hap-

pened to be stationed just right to

have a stick save by the Soviet goal-

ie. Vladislav Tretjak, land at his

Tretjak was a busy man for the period, which ended with the Czechs ahead, 4-3. He had 13 saves

of his total of 33, compared to Jin

Holecek, who had 20 saves overall

Gap Increases

third period, the Czechs widehed their lead to 5-3 on a series of short

passes that ended with a foul and

then a melee that cleared both

benches. As the teams swarmed

into a corner, at least four players

began trying to throw punches and

were all hanished for arguing, as

Helped by a penalty early in the

feet in front of the net.

in the Czech nets:

PRAGUE, May 6 (IHT)—Czech- two goals, one a breakaway by Heloslovakia took a giant step toward retaining its world hockey champronship here last night by beating the Soviet Union, its main chal-

lenger, 6-4.

The game, rich in political overtones, was one of only two the teams will play during the world championships, where Czechoslovakia is defending the title it has won for the last two years. The victory left the Czechs the sole undefeated team in the eight-country competition. It was the first defeat for the Soviet side after five victo-

In the second game last night, Canada was was trailing Sweden 4-I when the Swedes caught fire and ran off the next five goals, eventually winning, 7-5. The four teams will play in the championship round, beginning on Tuesday, while the United States, Finland, East Germany and West Germany compete in the second group.

The Czechs lead the standings. with 12 points on six victories.

Nervous Start Playing before 15,000 spectators, almost all of them Czechslovaks, in the Sport Hall, the champions were nervous and ragged at the start, but. gained assurance under waves of

cheers at everything they did.

Rarely has a team been so acclaimed for simply bringing the puck up we and even when the Czechs lost a face-off there was cheering that they had come off no worse than second-best. When Frantisek Cernik, a right wing, was stopped on a shot on goal, the noise was close to unendurable, and when Cernik did score seconds lat-

er, his ovation was riotous. But the Russians scored the next

**NBA Playoffs** 

**More Sports** on Page 13

their six close encounters as 2-year-olds, and that's how it went again. Through the final eighth-of-a-mile in their mile-and-a-quarter test. it was flamingo pink and black silks of Harbor View Farm ahead, and the famed devil's red and blue silks of Calumet gaining. "Here comes Alydar." thousands of fans in the crowd of 135,000 hollered. "Keep going, Stevie," came the cry from thousands of others. "You got

Not Close Enough

Alydar went past Believe It, made up ground on Affirmed, but never was able to get close enough to hook him in the kind of head-to-head combat they waged last year.

Depite the fact that Affirmed had beaten Alydar four times last year and had never finished behind any other horse except that rival, he was sent off as the second choice at 9-5.

Alydar, the sentimental favorite because of the popularity of 85-year-old Mrs. Gene Markey, the Calumet owner, was also the betting choice at

But it was the pro-Cauthen sentimentalists who got to spill a tear into their mint juleps as the youngster won the Derby on his first try. Two years ago around this time. Cauthen finished last here on a 136-1 longshot named King of Swat in the first ride of what would become a meteoric jockey career. Last season, the kid from Walton, Ky., became the first rider whose mounts earned \$6 million in a single year. And yesterday, he and Affirmed, and that colt's trainer. Luz Barrera, got the roses and silenced the skeptics who had said the chestnut colt had not been finishing his races as strongly as Alydar.

in the crease and Vasilij Pervukhin had little to do but flick it in. The It was also vindication for 65-year-old Louis Wolfson, the controversial first period, full of action, ended onetime financier who hred Affirmed, and for Wolfson's wife, the former there.
The Czechs went ahead in the Patrice Jacobs, whose father, the late Hirsch Jacobs, failed in nine Derby tries as a trainer. second period, led by two more

Barrera, who had been saying all week his horse should be favored, had shown his confidence before the race when somebody told him, "May the best horse win." "Yeah:" replied the 52-year-old trainer. "May the best horse win — again."

### U.S., Cuban Fighters Win World Amateur Openers

file Stevenson of Cuha and Tony Tubbs of the United States won their opening houts in the heavyweight division of the second World Amateur Boxing Championships today, setting the stage for a

second-round confrontation. Stevenson, a two-time Olympic gold medalist, easily heat Ghana's Joseph Mensan when a powerful punch opened a cut over Mensan's eye in the opening seconds of the first round. Mensan and retreated

the public address announcer Playing three on three for five minutes, the Czechs scored twice to raise the score to 6-3 before the to his corner, forcing the referee to-Russians got their final goal, also

during the penalty.

Those who want to ascribe the emotion of the game to sports rival-Tubbs, 21, of Pasadena, Calif., gave a lackluster performance in outpointing Leval Istvan of Hunry point out that the Soviet Union gary. He moved slowly and and Czechoslovakia have been the methodically, keeping his distance two major international hockey despite having a height and reach advantage over the tough Hungaripowers for the last decade and that their games are never meaningless

in the standings.

At the world championships last year in Vienna, for example, the Tubbs' flatfooted style was in complete contrast to Istvan's fast tabs, coupled with fancy footwork. Soviet team had simply to win or tie-its final game, against Sweden. There were doubts as the threeround bout came to an end that to take the title from the Czechs. In Tubbs had won. But the judges fact, the Russians lost, finished awarded him the narrow victory, setting the stage for his-light with third and have returned to the championships this year with a new

Tubbs earlier had expressed confidence that he could beat Steven-

He told reporters on arrival in Belgrade that "Teofilo Stevenson and I are like [Muhammad] Ali and [Leon] Spinks. Nobody thought that Spinks would succeed and even the bookmakers were

BELGRADE, May 7 (AP)-Teo-surprised." He added, "That's the

way it's going to be in Belgrade."

The championships were slightly marred by politics when Libya's four boxers suddenly announced they were pulling out because Israel was represented.

The toughest fight of the afternoon program was between Vene-zuela's Pedro Camarro and Miodrag Peranovic of Yugoslavia in the welterweight class.

The two fighters slugged it out throughout the three rounds in toeto-toe punching. It appeared t hat the Venezuelan had won but the judges took Perunovic's ability to take the heavy punishment into consideration and gave him the narrow victory.

### NHL Playoffs

WHA Playoffs

Quebec at New England

For your riding equipment

### the best address in Paris.

Just a few steps aways from the Ecole Militaire. Padd is the biggest store in France specializing in riding equipment and clothes.

You'll find here jackets, breeches, caps, boots, saddles, harness and maintenance products from all over the world... selected for their superlative quality and tested

by international-class riders and trainers. Padd's extensive stock of riding clothes includes garments that make ideal sportswear when you are out of the saddle. For instance: an elegant and very comfort-

able raincoat in 100% cotton, reversible beige and brown (F. 680), all-leather half-boots made in England (F. 300), or a fabrious blouson in natural leather (F. 590).

PADD. 14. rue de la Cavalerie. Paris XVe. Tel. 306,56,50. Métro La Motte-Piquet Grenelle. Mondey to Saturday from 10 Am to 7 Pm.



Pete Rose takes off for first on 3,000th hit.

### Brewers Rally to Defeat Royals, 4-3 MILWAUKEE. May 7 (UPI)— double during a four-run second in-

The Brewers overcame a 3-0 deficit in the ninth inning on Sal Bando's three-run homer and a bases-loaded walk to Gorman Thomas yesterday to hand the Kansas City Royals their fifth straight loss, 4-3.

Bando's third home run of the

season tied the game after Kansas Lity starter Paul Splittorff allowed a single to Paul Molitor and a walk to Dick Davis. The home run came off of Doug Bird, who then walked Hisle and gave up singles to Sixto Lercano and Cecil Cooper. Al Hrabosky replaced Bird and

walked Thomas on a 3-1 pitch. making Brewers' starter Sorensen, 3-2, the winner, Darrell Porter's fourth hor son, his third in the last five games, had given Kansas City a 3-0 lead in the seventh. The Royals had scored a run in the fifth on Frank White's squeeze bunt and another in the second on a throwing error by Mol-

### Twips 8. Orioles 7

At Baltimore, Rod Carew unloaded a bases-loaded triple, his fourth hit of the game, to highlight a seven-run, ninth inning that enabled Minnesota to beat Baltimore. Marinery 6, Blue Jays 0

At Scattle, Paul Mitchell scattered seven singles and Julio Cruz. Steve Braun and Bill Stein drove in two runs each to lead Seattle to victory over Toronto. Mitchell walked two and struck out four in recording his first shutout and second complete game of the year

### Angels 7, Indians 3

Ron Fairly hit a two-run homer in the first inning and pinch-hitter Mery Rettenmund cracked a grand slam in the seventh to spark the California victory over Cleveland. Chris Knapp went 82 innings to pitching. get his fourth triumph in six decisions. Paul Dade homered for Cleveland

### Rangers 9, Yankees 5

At New York, Bump Wills's bases-loaded double keyed a fiverun sixth inning that helped Texas end New York's five-game winning streak. Wills doubled off reliever Sparky Lyle to score Bohby Thompson and Jim Sundherg, giving Texas a 6-1 lead and sending the Rangers toward the eighth win in their last nine games.

Red Sox 6, White Sox 4
Red Sox 3, White Sox 0
At Boston, Jim Rice, who drove (AP)—The Washington Bullets defeated the Philadelphia 76ers, 123ed a two-run homer in the nightcap to back the seven-hit pitching of Jim Wright in his first major-league Start, enabling Boston to sweep Washington's Bob Dandrdige Chicago Rice hit his eighth home outscored Julius Erving 30-12. Ervium of the season in the fourth inning of the second game, scoring Rick Burleson, who had doubled. Wright allowed two hits in only one mning — the fifth. It was his first major-league win. Boston won the first game 6-4 in 10 innings on a two-run homer by Dwight Evans. Tigers 6, A's 0

At Oakland, Bob Sykes fired a four-hitter and Detroit backed him such a 15-bit attack in the Tigers' shirtent of Oakland, snapping the A's live-game winning streak. All the bits off Sykes, a young lefthander brought up from the minors earlier in the week, were singles and no Oakland player got as far as third Sykes walked three and struck out nine. In the National League:

### Reds 6, Expus 2

At Cincinnati. Pete Rose began his pursuit of the next 1,000 hits. Rose added two hits - including a

ning that lifted Cincinnati to a 6-2 victory over Montreal and earned Tom Seaver his first win in seven starts this season. Rose, who became the 13th major leaguer to reach the 3,000-hit mark with two hits Friday night, helped push the Reds to a hig lead in the second. Pirates 3, Dodgers 2

At Pittshurgh, Willie Stargell hit a two-run single and Grant Jackson posted the first save of the season hy a Pittsburgh pitcher as the Pi-rates heat Los Angeles, John Can-

hitter into the ninth, gave up a pinch-hit home run to Lee Lacey to open the inning and was replaced by reliever Kent Tekulve.

#### Phillies 7, Mets 2

At Philadelphia, Greg Luzinski drove in four runs with a double. homer and sacrifice fly helping the Phillies hand the Mets their 10th loss in the last 12 games. Steve Carlton, 3-3, earned the victory while Pat Zachry, 3-1, gave up six runs in the first two innings.

third win of the season and Garry Templeton singled in the only run

in the seventh inning as the Cards hlanked the Padres Braves 2. Astros 1 At Atlanta, Jerry Royster drove in Rod Gilbreath with a bases-loaded single with none out in the 10th

to give Atlanta the victory over

### **Expos Beat Cincinnati With Five-Hitter**

CINCINNATI, MAY 7 (AP)-Montreal's Steve Rogers allowed only five hits — one of them Pete Rive's 3,000th — in pitching the Expos to a 4-3 victo-

ry over the Reds on Friday Home runs by Ellis Valentine and Larry Parrish led Montreal's attack. Parrish also had a ron-scoring single in the eighth inning which gave the Expos a 4-1 lead, enough of a margin to offset Dan Driessen's two-run homer for the Reds in the bottom of the

The game was held up for five minutes after Rose reached his milestone as the crowd of 37.823 at Cincinnati's Riverfront Stadium gave him a standing ovation. The last player to reach the 3.000-hit mark

### was Al Kaline in 1974

At Atlanta, Tommy Boggs hit his first major league home run and recorded his first National League vic-tory as Atlanta defeated Houston, 5-2. Boggs had a 1-10 record during two seasons with Texas in the American League before the Braves acquired him in a trade. He worked seven innings, allowing five hits, before being reheved by Buddy Jay Solomon.

Dodgers 7, Pirates 2 At Pittsburgh, Dusty Baker hit a two-run homer as Los Angeles jumped on Pittsburgh's Bert Blyleven for five runs in the first inning and coasted to a 7-2 victo-ry over the Pirates behind Burt Hooton's seven-hit

### Padres 2. Cardinals 1

At St. Louis, San Diego's Mike Champion singled home a run in the second inning and Oscar Gamble tripled home another in the third to lead the Padres to a 2-1 victory over St. Louis.

### Phillies 9, Mets 4

At Philadelphia, rookie Jim Morrison, filling in for

injured second baseman Ted Sizemore, had three hits to pace Philadelphia past New York, 9-4 In the American League:

### Yankees 5, Rangers 2

At New York, Thurman Munson had three hits and drove in two runs to lead New York to its fifth consecutive victory and a triumph over Texas. The loss broke a seven-game Texas winning streak.

### Orioles2, Twins 1

At Baltimore, Billy Smith's run-scoring double in the eighth inning snapped a scoreless tie and Baltimore went on to defeat Minnesota behind the four-hit pitching of Mike Flanagan.

### Brewers 9, Royals 0

At Milwaukee: Sixto Lezcano homered twice and Ben Oglivie once to back the four-hit pitching of Mike Caldwell and lead Milwaukee past Kansas City.

### Angels 5, Indians 0

At California, Nolan Ryan pitched the sixth onehitter of his career and his second shutout of the season as California defeated Cleveland. Ryan lost his bid for a record fifth no-futter when Duane Kuiper, hatting just 193, singled inside the third-base line in

At Oakland, John Johnson's four-hit pitching sent the A's to their fifth consecutive victory, 5-1, over Detroit, in a match of American League division leaders. The A's record of 19-5 is the best in the majors.

Mariners 9, Blue Javs 1 At Seattle, Steve Braun drove in four runs and Rick

Honeycutt pitched a four-hitter as Seattle beat Toron-

### Denver Defeats Seattle

### **Bullets Beat 76ers, Take Playoff Lead**

the National Basketball Associa-tion's Eastern Conference finals.

teammates after a game in which 71 personals and three technicals were They're playing the team concept, said Erving, and we're doing the one-on-one stuff. With the depth we have, we can win the

hand as an excuse for his 4-for-14

shooting, laid it on the line for his

series if get our act together." George McGinnis, who topped Philadelphia with 16 points in 24 minutes before fouling out, saw another problem "Toa many guss have personal things on their minds," he said

Following an extremely rough last basket. It gave the Nuggets a game in Philadelphia Wednesday. 109-100 edge with 1:34 left. Seconds later. Bobby Wilkerson highalak called 12 fouls in the first rook a lead pass from Thompson. three minutes

and hit a stuff shot. Another basket "The referees were under a heliu- and free throw by Wilkerson va burden after the fiasco of the helped pad Denver's lead to 114-second game." said Washington 103 with 31 seconds on the clock.

coach Dick Motta. "But they kept the game under control." At Denver, David Thompson hit three crucial jumpshots in the final three minutes and the Denver Nuggets overcame foul problems to de-feat the Seattle SuperSonics. 116-

107. Friday night in the opening game of their National Baskethall Association playoff series. The Sonics, who fell behind by as much as 13 points early in the second half, kept things close by scor-ing 47 points from the free throw

to 102-98. Thompson soured high for a 16-foot jumper. Thompson was called for goal-tending at the opposite end of the court, but then hit two straight

After Seattle guard Gus Williams connected on a pair of free throws with 3:37 left to cot Denver's lead

field goals and tacked on a free throw when he was fouled on the

Denver center Dan Issel, who scored eight of the Nuggets first 12 points in opening up the big third quarter lead, paced Denver with 25 points despite picking up his fourth foul midway through the quarter and his fifth foul with six minutes to play.

Thompson recovered from a poor shooting first half to finish with 23 points and Anthony Rob-erts had 22. Scattle center Marvin Webster, a former Nugget, took game honors with 28 points and forward John Johnson had 21.

tle points to keep the Sonics within range midway through the game. After the Nuggets jumped to a 69-56 edge in the third quarter. Seattle then ran off eight straight points. capitalizing from the line, and

The Somes pulled within one point, 84-83 early in the final quar-

ter but got no closer as Thompson's

3-point play Bobby Jones stuff

shot boosted the margin to six

pulled within five points.

TORONTO. May 7 (UPI)—Guy Lafleur scored two goals on assists by Steve Shutt and assisted on Shutt's first period goal last night goalie Mike Palmateer. to lead Montreal to a 6-1 Stanley Cup semifinal playoff victory over the Toronto Maple Leafs that gave the Canadiens a 3-1 lead in the

Canadiens Rake Leafs,

coach.

Johnson had 21.

The Sonics hit 47 of 62 free throws for the game, after connecting on only two of their first eight and after taking a perfect feed from Shutt from the corner to give the Canadians a 4-1 lead. Jacques the Canadiens a 4-1 lead. Jacques Lemaire widened Montreal's lead to 5at 12:26 of the period. In the third period, Lafleur added his seventh goal in eight playoff games at 5:08 on a two-on-one

> Lafleur, playing in his 75th ea-reer playoff game, tied for the lead in the playoff scoring race with 16 points, shared by Toronto defense-

Lead by 2 in NHL Series 1:34 of the opening period on a power play as he backhanded Lafleur's rebound over sprawling

And those who look for political

meaning observe that the streets of

Prague are abloom with twinned

Russian and Czechslovak plags and

banners proclaiming friendship, in

preparation for the anniversd, they

lined up to shake hands, immedi-

ately after the Czechslovak national

anthem was played in victory and,

that rure thing, the spectators sang the words almost as loudly as they

At 13:09. Rick Chartraw backhanded a goal after stealing the puck from Toronto wing Stan Weir and firing it off Palmateer's left skate. Yvon Lambert's first playoff goal gave Montreal a 3-0 lead at 17:00.

George Ferguson ruined Montre-al goalie Ken Dryden's shutout bid at 8:50 of the middle period as he scored his fifth playoff goal high

### Whalers Beat Nordiques

QUEBEC, May 7 (AP)—Dave Keon scored twice and the New England Whalers best the Quebec Nordiques, 7-3, on Friday night to man Ian Turnbull.

Shutt scored his fifth goal of the playoffs and first of the game at ifinal series.

take a 3-1 lead in their best-of-seven World Hockey Association semifinal series.

#### Observer

### The Caesar Papers

By Russell Baker

example it began as a record and more agreeable climate. Flavius turned into a movie. Movies used made a personal call. to turn into records, then into posters, then into T-shirts, then Gaul bombed because the Roman

into bubble gum Richard Nixon's memoirs, a \$2million publishing enterprise, be-Presidencies

gan as a presidenused to begin as books and still do — Jimmy Carter . "Why Not The Best" for example—but nowadays the

into a presidency. seems to be merely a small part of the grander plan to turn the presidenev into a multimillion-dollar hook bonanza.

Although Nixon is being abused for this, he is not the first to do the trick Lyndon Johnson took an agreeable sum from CBS for a hook-and-television contract. Gerald Ford and Henry Kissinger turned public eminence into dandy financial incomes from NBC televi-

More surprising, perhaps, was Julius Caesar's innocence about the financial possibilities of public office at the time he wrote his history of the conquest of Gaul. This may have been because Caesar had an out-of-date agent at the time he went to Gaul, an old-timer known as Marcellus of Naples.

Being of restless temperament. Caesar had decided to conquer Gaul for the exercise. "Why Gaul?" asked Marcellus. "Because it's there." Caesar said. Marcellus advised him to keep some notes for a possible book. These were the basis of his great work, which he sum-marized in the words "I came, I saw, I conquered," thereby establishing a level of immodesty from which he never lapsed.

The book was a small succes d'estime and attracted the attention of Flavius of Syracuse, the hottest agent in the Republic, "With your ego and that clipped prose style." Flavius wrote him, "you are ready for the hig bucks, Caesar" (I translate freely from the Latin here: Flavius's precise words were "ready for the big denumuses," the denarius being the coin in which royalties

Caesar, meanwhile, had become

NEW YORK—So many things restless again and was planning to conquer Dacia or Cappadocia as Saturday Night Fever is an soon as he found out which had the

"Julius," he said, "the hook on reader is bored with places like Gaul. Say 'Gaul' to the average Roman, he thinks you're talking about his bladder. Dacia and Cappadoma-worse. They sound like necung.

"My business is conquering places, not selling books," Caesar

Then conquer something interesting." Flavius proposed. "Some-thing that will give you a book so hig you can retire afterward and spend the rest of your life rolling in denariuses.

Caesar asked what. Flavius said Rome. "Move into Rome, toss out the Senate and make yourself

emperor."
Caesar pointed out that this would change the course of history. "History, schmistory!" scoffed Flavius. "The purpose of history is best sellers. Anyhow, after you've got material for the book, you can retire to Capri and turn it all back

over to the Senate."

The idea tempted Caesar, Histoafter all, would take care of itself, but who would take care of Caesar in his old age when the denariuses stopped coming in from the public payroll?

He told his friends, Brutus and Cassius, and urged them to get in touch with Flavius who could steer them into the kind of public activiues that paid off in royalties. They misunderstood. Unaware that Caesar intended to overthrow the Republic only long enough to get materral for his big book, they assassi-nated him while he was in the midst of telling them what his contract provided.

He was speaking of the five re-search assistants, 10 scribes, free parchment and gorgeous office space provided by his publisher, but he had saved the best for last.

"Et tu. Brutus." he grinned, referring to the 2-million-denarius advance. The knives fell, but a great tradition had been born.

It was Shakespeare who finally cashed in on Caesar's big book. Shakespeare could have made 10 umes as much if he had overthrown Queen Elizabeth instead of fooling around with the theater, but he was afraid his writing style would ruin him in politics. He used subordi-

"We felt there would be a stampede to put in solar energy systems...We were amazed there was, instead, a stall in the business."

### Clouds Gathering Over Solar Energy Industry

By Kenneth Fanucchi

L OS ANGELES—Joseph Sansing, an airline pilot, would have a hard time justifying the economics of the solar energy unit on his home in Calabasas. Calif. For the \$8,000 he spent on the unit. Sansing estimated he saves \$20 to \$30 a month on his electric hill-a savings rate that will take him years to recover his

But he would do it again because he believes strongly in conservation of natural resources and in what he thinks will be speciacular increases in the price of electricity and natural gas.

Geoffrey Fox, a California Institute of Technology faculty member, paid \$3,250 for a solar unit to heat his swimming pool because I didn't feel good about using natural gas for that

Henry Chab, a Chatsworth, Calif., engineer, who paid \$1,500 for a unit to heat the water in his condominium, did it, in part, because "it was the only way I had to fight back at high electrical Solar energy officials laud such motivations, feeling that the

industry would be dead without them. But they are concerned that the basic thing needed to ignite the industry—a direct cost savings that is felt soon by the consumer—is missing.

"We're running out of the innovators who want to conserve energy because it's right," said Howard Kraye, president of Con-

serdyne, a Glendale, Calif., firm that installs solar units.

"Now, we have to go after the general public, which is a tougher nut to crack. Many in the industry are concerned about the current slow growth in the use of solar energy.

"We're all optimistic about the future of our business. But. quite frankly, many firms now in the business will not make it

#### through to better times." **Profits and Losses**

Kraye probably will survive, primarily because he has another business-luminous lighting for ceilings-whose profits cover his solar energy losses.

Others in solar energy are not as fortunate.

Mark Braly, who is Los Angeles Mayor Tom Bradley's energy coordinator and is compiling a directory of solar energy business-

es, said a recent mailing showed the volatility of the industry.

"Out of 150 mailings in Los Angeles and Orange counties," he said, "about 20 came back saying they no longer are in business.

At this time, solar energy is a very shaky business."

He estimated there were more than 100 businesses either manufactured there were more than 100 businesses.

facturing or installing solar energy products in the two counties. Throughout California, he said, anywhere from 2,500 to 3,500

persons are employed in some aspect of the industry.
"We had to lay off 30 people since Christmas," said Bob

Schlesinger, president of a solar energy company. "We still are going to produce more units this year than last, but nothing like what we had every reason to expect.

Schlesinger, however, is not critical of California Gov. Edmund Brown jr., one of solar energy's biggest boosters, who also lambastes the federal government for "dragging its feet" on an energy program. "He seems to have a good understanding of solar energy." Schlesinger said.

#### Tax Credit

Schlesinger and others praise the state of California for adopting the 55-per-cent tax credit—up to \$3,000—for persons putting in solar energy units, which, in effect, cuts the cost of installing the units in half.

They thought the measure would have caused a tremendous spurt in solar energy installations—and are mystified that it

"We felt there would be a stampede to put in solar energy systems," said Greg Cook, a public information officer with the federal Department of Energy in southern California. "We were

amazed there was, instead, a stall in the business."

He conceded that the absence of a federal energy policy, which, when it comes, is certain to increase the cost of natural gas and also proposes to give a tax credit to solar energy users, may be

one of the factors inhibiting growth in the industry.

"But there are other factors," he said. "There is a lack of a standardized code affecting solar energy units. California is working on one, but is in the unenviable position of being the first

state to draw one up. "Without a dode, the buyer is required to do his own research finding a company, checking out its competency, looking into the good and bad points of competing systems. Not too many people are going to take the time to do it. What bothers industry officials is that the stall in the industry

has come at a time when they believe it pays to put in solar

Solar heating units for swimming pools are the most cost-effective product of the industry.

At the average cost of \$2,500 for purchase and installation of a

pool unit, industry people believe the payback time is relatively short, from three to five years, considering that monthly gas bills of more than \$100 to heat a pool in a cold month are not uncom-

The payback on domestic water heating is longer term at today's gas prices, shorter term for replacement of electrical heating systems. The cost of putting in a domestic solar water-heating systems range from \$1,200 to \$2,000.

· Los Angeles Tunes

#### **Betty Ford Goes Home** From Addiction Center

Smiling broadly, former first lady Betty Ford left Long Beach Naval hospital after nearly four weeks of treatment for addiction to alcohol and medication. She didn't talk to reporters, but when asked how she left, she replied "Just fine." Mem-bers of her family were not present. A spokeswoman said that former President Gerald Ford and the couple's children were at the Ford home in Rancho Mirage near Palm

Springs.

Bob Barrett, a Ford family spokesman called Mrs. Ford's treatment at the hospital a complete success, saying that she's in magnificent health. He added, how-ever, there is the need for continued awareness, as there is with any of chemical dependence. To maintain that awareness. Barrett said, Mrs. Ford is considering weekly or monthly group activities. Mrs. Ford was admitted to the hospital's alcohol and drug rehabilitation center April 10 with what was described than as a signal math. scribed then as a problem with medication. For years she has suf-fered from arthritis and a pinched nerve in her neck and was taking several prescription drugs, Barrett has said, "I was overmedicating myself," she said in a statement shortly after entering the hospital. In a subsequent statement she said,
I have found I am not only addicted to the medication I have been taking for my arthritis but also to alcohol."

Adeline Genee, the Danish-born ballerina who captured European and American hearts at the turn of the century, is drawing dance fans to a London museum. Her photographs, posters, programs, costume designs and personal mementoes went on exhibition this week for a four-month run. Britain's bestknown ballerina. Dame Margot Fonteyn described Miss Genee as that exquisite gift from Denmark who shone like a bright star for 10 great years at the Empire Theater."
Miss Genee arrived in London in November. From her first night in "Monte Cristo" she was a star. For 34 years she headed the Royal Academy of Dancing, an association of ballet teachers, and she chose Margot Fonteyn to succeed her in 1954. Miss Genee died in 1970. The exhibition at the Victoria and Albert Museum marks the centenary of her birth. -..

Eight young art students — seven British and one Belgian — have found a new branch of sculpture: turning into works of art three discased elm trees that would other-wise be for the axe. The students have moved into London's Hyde

Park with wood chisels, mailets, chain saw, four frame saws, severa small axes, three large ladders, block and tackle, scallolding and trolley. The six girls and two your men will work for about eigh weeks on the project, the brainchile of impressio lan Hunter, under th sponsorship of the Capitol coin mercial radio station. The opera tion is being supervised by British sculptor. Micholas Pope, whos work has been purchased by the Tate Gallery, Just what will emerg feemains to be seen. As Pope put it This is not like parachuting a find ished sculpture into public view, is giving people a chance to see in final form emerge, stage by stage."

医野寒 連 魚 American singer Helen Reddy as fived in London Saturday for he first British concert for three years The Australian form star, who as rived with her hisband and mans gor. Jeff Wald, said that she bope to record her first live album whill performing at the Palladium. She i to give four shows one each of Thursday and Friday and two of Saturday, then return to Los Angel

Black South African actor Wil-ston Nishoun said here saturds that he was detained for nine hour at Nairobi International Airpo because he had no acceptable cu rency to pay his visa fee. Nishon arrived here late thursday night 1 play a feature role in the U.S. pri duced movie "Ashanti," current being filmed in Kenya. He said I was only carrying currency from Botswana on his arrival and the airport officials refused to change into Kenya currency so he coupay 15 shillings (about 52) for visa. It was only after he manage to telephone the movie's associal producer John Vuille, who came the singest and poid the feet like the country of the co the airport and paid the fee, I said, that he was released.

Hustler magazine owner Lar
Flyat may begin physical thera;
in a week to 10 days, says his do
tor, Larry Carey, chairman of the
Ohio State University Department [1]] of Surgery. Flynt, paralyzed fro the waist down, was shot March outside a courthouse in Lawrence ville, Ga., where he was being tri-on obscenity charges. A mistri-was declared after the shootin Flynt was in satisfactory condition Sunday at University Hospital in private \$106-a-day room protect by university police and Frankl County sheriff's deputies. Car-said Flynt, 35. "is healing well an nutritionally, he looks good." -SAMUEL JUSTICI

SITUATIONS WANTEL

YOUNG AMBRICAN LADY with us permit and BA in Spanish French-Pi aguess seeks serious job. Box 46. Herald Tribute, Paris TOP - BUSINESS MANAGER ret

oriented/Finance/Marketing 51575 Herold Tribune, Parti

#### **Classified Advertising** Categories

Herald Tribune classified ads are organized alphabetically by category for your convenience. This complete category list will help you find what you're looking for

Air Cargo America Calling Animela Antiques ÀН Automobile Auto Rentali Auto Shipping Autos Tax Free Baggage Shipping Books

Eucorte & Guides

Financial Investments For Sale & Wanted

Business Opportunities Commercial Premises Domestic Situations

Night Clubs Legal Services Low Cost Flights Moving Office Services Offices to Let Offices for Sale Offices Wanted Personnel Wanted Real Estate for Sale Real Estate to Let/Share Real Estate Wanted/ Exchange Scripture Services Shopping Situations Wanted Stamos & Coins

Help Wanted Domestic Holidays & Travel

AMERICA CALLING MESSAGES, MAY 8, 1978 AMBAZKY DOS32PW JFSSIRI LN803CC LWC41CH MBT24LV MJR32CH BRV42FS RHS512AV SGR52HB TGD4ZRH WTS12MC MESSAGES MAY 6 1978 CFW41PD CHM52HF NGD52RG PBM51CH SGJ51CO UHM32PP ANNOUNCEMENTS

FABULOUS FF 140 MACHINE: Fund FABLICUS IP 140 MACHINE: Funny Play 140 faugts Paris English Theorie: 5 Days Only 8:30 April 30, May 2-6-79 8:230 May 7 Corner tax Bonne 8. Lamarck Ma Lamarck Maring of furn' right Fis 25 8:15 See you there!! LADES AUXILIARY TO THE VITW on rual bazaar May 10 + 11 at the American Legion 49 rue Pietre Charion 10 am to 7 pm Bargains on gifts housewises. American sheets, bestigmen books etc. Delfumes books etc WELL EDUCATED FRENCH LADY would like to make you wan Paris with ner car Ter 277 31 07 before 8 a m VA in English daily Paris Tel. 551, 38 90-325 75 00

**AUTO SHIPPING** TRANSCAR (U.K.) Ltd., 43 44 New Bond Sr. London, W I Tel. (01) 491 4121 and at Liverpool-a part of the TRANSCAR group of companies. Ewige a leading car shipping appears is to the companies of the transcard cow proces. Write or coll now for brothure and quotations. CLERKENWELL CAR EXPORTS LTD.

PORSCHE 928 The Car of the Year

**AUTOMOBILES** 

Jump the queue, avoid the long wart. New metalic silver 4-searer. Aut-conditioned, short! medium! long wave radio!\* casethe Special Parsiche locking six rack plus 4 snow tires mounted on magnisium alloy wheels. Swas plates, full insurance including helicopter first-aid service. Cast over 5fr 74,000.
Will accept reasonable near offer. Tel. (030) 4 48.67 Gstood, Switzerland

SALE BMW 30 St, Frs 26000 Tel . Por is 579,45 21 evenings **AUTOS TAX FREE** 

FOR IMMEDIATE DELIVERY

X Hotel Zürich

cyl cleae. 10-secter Stationwagen, LFD 19 unis Peugeot 504 GL, 13 unis Peugeot 504 Familiole. 1 Peugeot 504 Break L, and 3 unis Peugeot 504 F3 Taxi Brousse. All unis factory new, LHD and with Africa Specs. Transautes Nederland BV, 13A WM, Beothlese Reseater Haller 1, 110 othlaan Rotterdam, Holland. Tel: 10: 138397, Teles: 27426. Weelly soling to the U.S.A. of economical rates 29 Gi Sunton St. London ECI Tell (01) 251 4979
TRANSCAR 10 R. Pergolese, Paris Tel. 500 42 84. Attacked. 41 11 9 61. Antwelp 33 99 85 Cannes. 39 43 44. ALFA ROMEO U.S.A. SPECIFICATION GTV and SEDAN. SUBSTANTIAL discount plus free shappings. Newark cr. LA. DOLLAR SALES, Vio Veneto 169, Romo. Tel· (96) 4601 40

The new deluxe hotel in the heart of the city.

Neumuhlequai 42, 8001 Zurich, Switzerland, Phone 01/60 22 40, Telex 56809

#### CLASSIFIED ADVERTISEMENTS REAL ESTATE TO LET/SHARE HOTELS RESTAURANTS NIGHT CLUBS PERSONNEL WANTED **AUTOS TAX FREE**

	SITUATIONS WANTED
General Motors Chrysler, Ford, AMC, 4x4 Jeep & Blazer, Stathon-waggins Brand new diff colors, same day delivery with Swiss papers and Jacense plates Payment in U.S. dollars.  RAMPY MOTORS INC	BNGLISH MUM'S HELPS, Narross, free now. NASH Agency, 27 Grand Parade, Brighton, U.R. T-881 868.  ESCORTS & GUIDES  ESCORT GUIDE SERVICE
Sulgeneckest: 60, 3005 Berne, Switzerland Tel 031.45 10.45 Telex 33850	By well educated and attractive guides, Amsterdam, Tel. 247731, Telex 17178.
FOR IMMEDIATE DELIVERY New TAX-FREE Used Codifica + Mercades Range Rover + Blazer Camoros + Troms Am Caprice Convertible 1975 end other makes SCENOVITS, Cloridersrasse 36, CH-8027 Zunch Tel 01/20276 10 Telex, 53444	NO USE IN SITTING ALONE in your room, come see Paris with an exacting "CCSMOS" excort. Tel 976.87.65. WHEN IN, LONDON colt Chelseo Girl Escorts for the prethest and franchisest gats in town. Tel 01-584. 6513/7249. VISITING LONDON? If you want to roke out the most attractive and intelligent Escorts in town. Ring: 01-581-3490. FURL-SEEKING AND MONEY to burn. Attractive guides at all lanes. How about in Prones LONDON CON-
BANW CONCESSIONNAIRES G.B.  LTD. the U.K. importers can offer too- free from stock the new 78 range of BAWA's in R-ID, U.D. U.S. and Austra- kan specifications. Also a few 77s at specially reduced prices. Call is today Export Division. 56 Park Lone, London W/Y 3DA. Tel. 01-629 9277 Telex- 261360	TACT, 01-402 4000. TUXEDO INT'L PARIS Biringual Essautive Status Escarts. Tel. Paris, 201. 29.26. MARIABA In Paris I High class Escarts take care of your social file. Call Paris : 633.737. COPENNIAGEN ESCORT, Attractive male and female escarts. Tel: (01) 114004. POR YOUR ESCORT IN PARIS.
BAGGAGE SHIPPING  PANALPINA, 10 Rue Pergolese, 75116 Paris Tel.: 500.42.84 LE HAVRE, Tel (35)42.53 11.  HOMESHIP (worldwide) movings 22 Rue de Trevise, Paris-79e Tel.: 246.24.55 Coll Charbe Also movings.	LAST TANGO IN LONDON for friend- liest guides 01-999 7654. LONDON ESCORTS, suchiaves, very discreet Tel: U.K. 01-402 7748. IN LONDON CALL DALIA for a friendly guide. Tel: 01-731-4190. ELITE ESCORT IN PARIS Tel: 542,43,04.
BUSINESS OPPORTUNITIES	Paris, Tel.: 280.43.14. ANGELICUE IN LONDON for a franchy guide Tel.: 01-221 2243. MADIED your citrochive escort. Cell- 457 26 98 from 3 c. m. FRIENDLY BILINGUAL GUIDES
FANTASTIC MONEY MACHINE \$4,000/\$10,000 per month Computer portrants. T-Shart photos. Can start with \$12,500. Kema GmbH, Beethoven Str 9. Frankfunt/Germany. RVVESTMENT AGENCY + exclusive soles rights offered Interesting new product Apply with detailed resume Box 12715, Herald Tribune, Fors.	FRIENDLY BILINGUAL GUIDES IN Ports, Form Excert: 75 d951.  BEST ESCORT: highly selected for per set. Call Ports; 285 33.64.  FOR YOUR ESCORT IN GENEVA Call 96.97.01 and 53.13.88.  FOR SALE & WANTED
BUSINESS SERVICES	MAGAZINES - 1977 ISSUES. U.S. Girlie Magazines in off-the-press con- dition. Hustler, Chic. etc. Volume
DOUBLES OF MAINTER	

FANTASTIC MONEY MA \$4,000/\$10,000 per month C portraits, T-Shari photos, Cans \$12,500, Kema GmbH, Beath 9, Frankfurl/Germany, MVESTMENT AGENCY + sales rights offered Interest product Apply with detailed Box 12/15, Herald Tribune, Po **BUSINESS SERVICES** BUSINESS EXCEUTIVE will act privately as your CONFIDENTIAL LONDON CONNECTON Box 3969. IHT. 103 Kingsway, Landon WCZ SUN. N. Y. TIMES, jet Euro-delivery. Box 86, Mechalen, Belgium Tal. (32-15) 21.04.63 DOMESTIC

COMMERCIAL PREMISES

LANGUAGE SCHOOL FOR ADULTS, Looking for premises to rent, center Pane, 300 sq.m. 15 offices, F10.000 per month maximum Tel. Pane 522 59 43 **DIAMONDS** 

**BUY DIAMONDS** At first source prices from the leading diamond firm at the diamond center of the world. Quality diamonds overent teed by certificate. Contact us for full information as a series.

INTERVATIONAL DIAM/IND SALES, Diese and Bourse, 51 Ho enleastron, 2000 Antwerp (Beigism). To 3: 93 05. Teles: 35395 INDISA B.

DIAMONDS Fine diamonds in any price range or lowest wholesale prices direct from Antwerp Full Guarantee. For free price lest winte Diamontesaport Joachin Goldenstein. Established 1928, Millerungetage. 2005. Authorized. 62 Pelikounstruct, 2000 Antw Bekrium. - Tel.: 31,33,26,60

HELP WANTED: HIGHSH SPEAKING AU PAIR - stort-ing in Full for country family living near Heidelberg, Write: Frau V. Germ minger, Rouhof, D-6920 Sinshem. HOLIDAYS & TRAVEL

**PORTUGAL** 7 DAYS INCLUSIVE TOURS FROM LONDON TO: 

Please Contact: andon, tel.: 4933873 Tbc.: 265653 FROM FRANKFURT TO: Please contact: aniafunt, Ital.: 234094 Tbx.:413976

TRAVEL AGENT CHARTER A YACHT IN GREECE DI-RECT from Owner of a fleet, VALEF A Themistodeous 22c, Procus, Tel. 45 29 571, T. 2 12000. MALIETTUS / SEVCHELLES/world-wide flights, Travel Centre Landon, Tel. 01-437 9134/Telex 27157

CERMANY OLD TIMERS CLUB LEGAL SERVICES U.S. ATTORNEY/COUNSBLOR, All courts, oil cases, C.B. Peoriston, Jr., 3555 Torrance Bivd., Torrance, Los Angeles County, Calif. 90503, U.S.A. LOW COST FLIGHTS The International Herdal Tribs cannot work for the rebability of the loss cast flights whentived below

ARR CHARTER SERVICES: ACGIS frecommended by embosses... Since 1969, 5 R d'Anou, Pors 8th Tel: 523.02.15/523.02.16, oftenoors. TRANSATIANTIC CHARTERS and other contenent. Contact. I.T.S., 116-bis Ch. Elysees. Pors 8th Tel. 225.12.39 or 359.59.13 office 434. GLOBAL LOW COST AIR FARES. Sunstrue Travels. Tel.: 242202. Sint locobestroes 42, Amsterdom. MOVING DON'T CRY JUST . **BECAUSE YOU HAVE** 

TO LEAVE GREECE Rejacio. Interdeon has just operad a new office in Athens, so now you can eave Greece in the beautini dissocial interdeon style you'll love getting accus-tanted to. Call Lambs: Carnovas, our new man in Athens, He'ill show you that eaving Greece doesn't have to be a said accession. INTERDEAN ATHENS

941.80.66
Other Interdeon offices:
AMSTERDAM: 44.87.4.
BARCELONA: 218.42.95.
BONNE 65.07.57.
REEMEN: 31.05.91.
RRIJSSES: 289.54.00.
CARO: 4.12.51.
RRANGERITE: 00.1907 2001.
GENEVA: 43.85.30.
LONG BEACH: 598.5511.
MADRID: 671.24.50.
MEAN: 671.85.86.
MUNICH: 141.50.36.
MUNICH: 141.50.36.
MUNICH: 141.50.38.
NEW YORK: 371.1760.
PARIS: 673.85.93.
ROME 675.84.32.
TEHRAN: 62.83.31.
VIENNA: 82.83.34.

ALLIED VAN LINES INTERNATIONAL F YOU WANT ANYTHING BUT THE BEST DON'T CALL US... FRANCE: DESBORDES S.A. 23 Bid. Henri IV, Par Contact: Mr. McBan. Tel. 272.35.16, 272.30.58, 887 57.40. GERMANY: NTL MOVING

OFFICE SERVICES YOUR ROME OFFICE. Mailbox, phone, telex, business. 0039/6/4755356 Extra Tel. Service. 38 Vintencle. LONDON BUSINESS ADORESS/PHONE/TELDX Expressives, Suite 66, 87 Regent St., W1. Tel. 439 7094. PERSONALS GENGEE HESSEL, call home urgent Leah Telephone 503 963,9680. We are warried

PRINCIPAL year 1978-79. The school rolls 130 students in grades K.B. Solary is negoticible. Benefits include our transportation, effects shipment, housing, retirement, and health insurance U.S. certification and administrative experience are RABAT AMERICAN SCHOOL B.P. 120, RABAT, MOROCCO.

CHERCHONS Assistante Administra-tive et Padagogique, libre les Jun. Parfortessent blingue Francas-Angles, connessonce des systemes educatris Francas et American, expanence dans le traval administratri, extend de comptoblète. Envoyer CV et preten-tions. Section Americane, Lycse Inter-national, 8 F 128, 78104 St.-German-en-Love

WANTED EXPERIENCED MALE CHEF for 3 months in Ireland from 15th of May. Should be aged 19 to 35 with references. Good wages. Interview 10th, 11th, 12th of May. Hotel Plaza Atheree, 25 ave. Montagne, Paris. Contact Concerge.

REAL ESTATE FOR SALE FRENCH PROVINCES BEAUTIFUE MAS PROVENCAL: over-looking the lovely city of Vence (Sinins walk from city, 20 mms drive from the seo), 2 opentments, 200 s.m., 4 bed-rooms, 2 livings, 2 lotchen, 3 boths, Mediterromeon 2000 sq.m. gorden. Price Frs. 1.500,000. Write to Box 51639 Herald Tribune, Pors.

GREAT BRITAIN ECKENHAM-KENT 8 miles Central London, House, 3 bedrooms, terraca, small patio, garden, central heating. Station one min, free July \$45,000. 01-469 3574. smoll polio, gorden, central heating. Station one min. Free July \$45,000. 01-650.3536. W8. Close Kensington Gordens, prime residential location. Substantial Freehold property on six floors, presently arranged as four large apartments. Offers over 5300,000. Tet 01-373.8518 or 01-286-1479.

PARIS & SUBURBS AVENUE FOCH: Focing south, owner sells ground-floor aperiment, 217 sq.m. with private garden, large reception, 3 bedrooms, 2 boths, bacytingly decorated, let 500.25.10. NEUILLY/St. JAMES

2 rooms, recent building, very high class, equipped latchen, good condi-tion. 624.91.32. / 233.04.16 AUTEUR-Bols de Boulogne: konnous oportment 165 sq.m., ô rooms, 2½ beths, fully equipped latcher, 2 parkings, Fr. 1450,000. Tel. 602-33.16 or 578.89-32 evenings.
NEURLY Bols de Boulogne lefe consiste, large 4 rooms, 176 sq.m., high closs, sun, interesting conditions. ROUVIER: 723.48.80.

UNIQUE SMAIL CASTLE OF 6 floors, should high in the Swina High of S. Pedro above Swina; a U.S. corporation, large hving room, salan, dining room, 7 bedrooms, 2 powder rooms, 5 bedrooms, 2 powder rooms, servents queries, 7-cer garage, completely furnished. Portugate antiques. U.S. \$1,000,000. For information write to E.F.B., R. Castilho, 38 1 Esq. Labon, Portugal.

REAL ESTATE SOUTH SPAIN 4 % dis-count, Signature business from \$ 5000 up Reflex Box 63421 The Hoque, Hol-

REAL ESTATE TO LET/SHARE PARIS AREA FURNISHED FREWITPROVINCES LUXURY FARM-HOUSE, Hout-Voi swimming pool, for July, (94) 70,97 27 **GEORGE V** HORA, AND

kenmouse international 020-448751 (4 lines) Amsterdom, Amsteldak 162. PIERRE'S SERVICES: on Amsterdom, Hilversuga & Utrecht crecs. Tel: 035-12198.

ITSIA FLORENCE (10 km south, in Overet area). To let from 2 weeks, max. I year, beauthul old form house recent by reshored and completely furnished with swimming-pool, near golf course and tennis club; mad service possible REF, 21 rue Montroser, 97200 Neurly-sur-Seine, France. Tel. (1) 637.53.10. PARIS AREA FT RAISHED

EMBASSY SERVICE CONCORDE 5 R. Combon. 260.38.89. Rooms, studies, private shower, phone. Daily/monthly rate.

POSITIONS AVAILABLE

BNGUSH seether-lengue
able to assist in correcting
ENGLISH of non-English staff.
Sharthand and good typing.
Small office, good working condition.
Mr. du PATY CEMBLINEAU
2 rue St. Chorles, Paris 15th
or call: 579-28.66.
for appointment.

A. R. T. S.

seeks SECRETARIES TYPISTS Brighen mother

Present yourself : 10 rue

de la Grange Bateliere PARIS 9TH, METRO MONTMARTRE

SECRETARY

required for small affice um BTS or 3 years exp Tel. Paris 261.82.30.

TRILINGUAL English-French-Russian EXECUTIVE SECRETARY to work for small office of large American compo-ny. Interesting work substancial re-sponsabilities and possibility of travel Send CV. to Box 51646 Herald Tri-burne, Paris.

INT'L COMMODITY Co based in Paris, tooking for beingual sectors/casson for the director of soles. Condidates must be perfectly blangual, have good appearance and be responsible interested pornies. Call Paris: 501.54.45. ext. 1522

INTERNATIONAL ORGANISATION in Poris (Rond-Point des Champs Bys-eest seeks Ealch another tongue typost preferably shorthord. French law guage required. Tel.: Paris 359 76 07.

superb 6-7 rooms, lotchen, 2 boths phone, corper, mod s room, Frs 5,200 Tel - 280,20-42. PASSY: Insurrous Inving + 2 bed-rooms, all comfort, phone, Frs 3,500 Tel 27 58.30 16TH FOCH: New, high class, double lawing, 1 bedrooss, latchen, both, phone, parage, terroce. Frs 3,600. Tel. 764.07.10 7TH, nice 5 rooms, 2 boths, phone, latchen, all comfort, Frs. 4,500. Tel.: 073.98.15 PARIS AREA I NEURMSHED American Advisory Service 602,40,40 VTH NEAR NOTRE DAME: Apartment, character, approximately 120 sq.m., large solon, fireplace, bedroom, larunous both, 72 WC, requipped latchen.loggic, 325.20.08.
VIH: A rooms, latchen, possibility equipped, both, toders, clasets, F.2.600 + charges, Tel.: 325.21.07. REAL ESTATE WANTED/EXCHANGE CANADIAN COUPLE seeks modern opertment, fiving, 2 bedrooms, oil comfort, Pare 16th, 7th, 8th, 17th, Tel. mediume Paris: 522,69.95.

POSITIONS AVAILABLE

MINERVE SEEKS for AMERICAN FIRMS in PARIS: English, Belgion, Dutch or German, socretaries, Innovidedge of French required, English shorthand, Billingual telebasts, With or phone: 138 Avenue Victor-Hugo, 75116 Paris, France, Tel. 727-61-49

RENOWNED ART PUBLISHER seeks competent part-time secretary-assis-cest. Potence and shorthand essential. Write to Box 51650 Herald Tribuna, Paris.

EXECUTIVE ASSISTANT/SECRETARY, knowledge of low preferable, English mother-bangue, for permanent posi-tion, Champs Byses, wark permat required, Tel. Paris, 503,37 22.

EXECUTIVE SECRETARY, French, English, 6 years USA, excellent references, seeks challenging position, France-Europe, Box 4682 Merald Tribune, Par-

BELINGUAL ENGLISH/FRENCH secre-tory seeks part-time Paris job. Bas 4684, Herald Tribune, Paris.

REPLACEMENTS by German Secretary on executive level only. Write to 8 Box 51656 Herold Tribune, Pans.

INT'L SECRETARIAL

**JOBS** 

ODDEORS every

MONDAY!

SERVICES JURSES QUALIFIED, for prin potients, home or clears, days or rights. Tel. 359 62 66 Centre Interna-tional d'Informeres Privees, 66 Rue La Boese, Paris 8th. AUSTRIA: Mr. Missim Write, Bonkgosse B. Rm. 215, Vienna 1. (fet: 43-94-96) BELGRUM: Mr. Bill Finnerty. 23 Aus. de la Toson-d'Or, Brs. 12, 1060 Brussels. (fet: 513-574) BRITISH ISLES: Contact: Peris.

MOROCCO: Mr Ra Stagel,
2 Rue Murdoch, Casoblenco
[Tel. 27.36.R3 or 22.00 90.]
NETHERIAMES: Mr A Gren,
Hobbemastragt 26, Amsterdam
1007. Tel. 2027-6 86 66/76 86 67
Thr. 131.33.
FORTISCAL: Mrs. Refo. Ambor.
37 Rue des Restes Verda. SBITISH ISLES: Contect: Parks
Office for subscriptions. For ocherstung only contect Mcs.
Suson McBryde, I.H.T. 103
Kingsway, London, W.C.23
(Tel: 2472 6573. Teles: 26209)
GERMANY: Constact: Parks office for subscriptions. For ocherstung only contect.
Miss I. Outringer, I.H.T.
Grosse: Eschenisemer Strosse
43, Frankfurt/Moin. [Tel: 28 3678. Teles: 4672], Brt. D.
Grosse: Eschenisemer Strosse
43, Frankfurt/Moin. [Tel: 28 3678. Teles: 4672], Brt. D.
Grosse: Eschenisemer Strosse
43, Frankfurt/Moin. [Tel: 28 3678. Teles: 4672], Brt. D.
GREEC E. Mr. Jean-Cloude
Rennesson, Punderou 26,
Athens. (Tel: 3618397.)
GREEC E. Mr. Jean-Cloude
Rennesson, Punderou 26,
Athens. (Tel: 3618397.)
GRANY: Mr. Amono Sambrotto; 55 Vig delfa Mercade, 00187 Rome. (Tel: 5793437.)
JAFAN: Mr. Teltrum IS, kon Tel: 232908.

IZANY: Mr. Amono Sambrotto; 55 Vig delfa Mercade, 00187 Rome. (Tel: 6793437.)
JAFAN: Mr. Teltrum IS, kon Tel: 363304 MARTE E.
SWITZERIAND: Mr. Morshall Victor and Guy Von Thuyma, Media Soles Japan Inc., Description, Neishismicoshi Mori Building I-12, 1-chome, Neishismicoshi Mor Cisbon (Tel. 672793 & 662544).

SOURH APERCA: Mr Robin A Hommood, International Media Representatives, PO Box 4,145, Johnnesburg 2000. Tel. 25.

G717, Teles: 8-4013.

SOURH BAST ASIA: Mr Chrastopher Cherey, C. Cherey & Ass., 1914 Ason House, I Hennesby Road, Hong Kong, Tel.: 5-281621 Teles: 75:355

FRANK Alfredo United Sov.

## INTERNATIONAL SECRETARIAL

French Advertising Agency **GERMAN-ENGLISH** Ungent Shorthand-types bilangual secretories foat speec.
Typist-bilangual secretories for long duration.
Lodging focilises in July and August.
Present yourself with references or write to 15 class Courine, 23 ove. Frankin Roosevelt, Para 8th. **SECRETARY** BILINGUAL SECRETARY Candidate must have exchilent knowledge of German, good knowledge of English, and good typing skills, ideal job for a young woman who would like to perfect her English and learn French.

formal atmosphere, pleasant offices at la D Salary proportionate to skills and experies Call: Paris 776-42-21, Extension 46-89. AMERICAN COMPANY

WISHES TO EMPLOY

EXECUTIVE

SECRETARY THE PREFERRED CANDIDATE SHOULD HAVE: 5 years of secretarial experience;

 A pleasant-personality; Sense of humor and cheerful manner; Good secretarial skills.

AND MUST: • Be fluent in English and French. Be able to do occasional translations;

 Work without close supervision; • Be seriously interested in her position. She will assist with details of travel, handle personal.

business for her boss at times. IF YOU THINK YOU ARE THE ABOVE

EL PASO, LN.G., Service Company, Mme. Thibault, Jour Fiat, 92084 PARIS LA DEFENSE.



Eurex

### Computer System Brings **Automation to Trading**

The network extends throughout

Europe and is plugged into its two

rivals-Euroclear, the Brussels-

based bond-clearing firm, as well as Cedel. Still, the banking communi-

ty here welcomes the idea that Eu-

rex will heighten Luxembourg's

Cedel itself added two new ser-

vices this year to become more

competitive. At the beginning of the year, the clearing house intro-

duced a plan enabling participating

dealers to establish a credit line

with certain banks. This standing overdraw facility matches a service

already offered by Euroclear. But

the Brussels firm was founded and

is still operated by Morgan Guaranty, whereas Cedel, a sepa-

rate incorporation, did not have this direct backing from a bank. In March, Cedel arranged for the

lending and borrowing of the

bonds among participants. Lenders

have a chance to earn extra interest

on the bonds deposited with the

clearing house, and borrowers have

Cedel reports that both services

a quick way to cover short posi-

are functioning well. The clearing organization also registered a grati-

fying growth for 1977. Turnover for

the year rose to \$38.5 billion from

\$29.7 billion the previous year. The

number of participants rose to 847 from 766, and the number of issues

in the system was up to 2,410 from

\$16.4 billion from \$11.9 billion.

Profit was up 17 percent to \$566,000 and Cedel again paid a 5 percent dividend to its sharehold-

The Luxembourg bourse, which

is the main exchange for Eurobond

listings, also grew registering a strong increase in new issues, albeit not quite so strong as in 1976. In

(Continued on Page 5)

2,004. Deposits of securities rose to

profile as a bond-trading center.

e ambitious European e being mounted here to procomputerized market for Eutrading, continues Luxem-a close involvement with the ional capital markets. mitial business of the Euro-

of course, was in internabonds, with the credit and -market activity developing wards. The Luxembourg quickly became the main exfor listing Eurobonds. Then Cedel started up as the secaring house for bond trad-

Linembourg has never had a saig share of the secondary which is conducted almost over telephone and dealers and marketmakers the national financial capi-

dea of using a computer to in the time-consuming (and iye) task of matching bids fers was taken up by the bourg bourse and led to the hment last year of Eurex, a entity owned by an interdel group of banks.

plan is to program a system inket-maker quotes, execute de confirm the exchange ben clear the transaction. In ion, the system will be proa service on trades, yields,

ush there are reservations many bankers, especially akers, Eurex seems clearly n idea whose time has come. wers a long-range requirea worldwide market," com-Edmond Israel, manageboard member at Banque tionale a Luxembourg and a of the Eurex board. project is in line with a direction, it has to

Warm Reception

number of shareholders has from the charter group of 28 and more are on the way. dyartising Agen, and Heari Grisius, execu-

AN-ENGLIPHEN encouraging attraction of the period of the p described our plans, there's warm reception," he said in ween, "People didn't imag-complete it would be." bankers still express reti-

to them the system seems and banks may find themdoing business with someone not necessarily want to do with Marketmakers argue advantages of Eurex as an ion system are greater for ICAN COMPAN who is surer of getting uprice. Crisius counters that these

IES TO EMPLOT are taken into account and on provides for exclusion ding partners and orders of tence. He also feels that the system will actually consolithe position of marketmakers we users will no longer trade such other. Mr. Grisius estithat up to two-fifths of curlades bypass marketmakers.

(ECUTIVE

CRETARY

Rivals

Mr. Israel addresses what ips the underlying fear "The element won't be eliminatte said. "Eurex is meant to trader to keep track of maropments and to actually

ers of Eurex point to paraln foreign exchange trading. and telexes. Eurex simply an electronic trading floor the market more efficient. and telexes. Eurex simply

Grisius emphasizes that only connection with Lux-

# Luxembourg Banking and Finance

**PARIS, MAY, 1978** 

# Grand Duchy Paces Growth With Euromarket



An overview of Luxembourg Stadt.

## Foreign Banks: Europe Steps Up as U.S. Winds Down

decision of the Californiahased Wells Fargo Bank last year to transfer the bulk of its foreign exchange and money-market business from here to London left a sour taste in many Luxembourg

Other American banks, somewhat more discreetly as a rule, have also wound down their Luxem-bourg operations. With the exception of Bank of America and First National Bank of Boston, most U.S. bank branches and subsidiaries are treading water-"maintaining a presence.

On the other hand, Scandinavian banks, freshly liberated by their central banks, are streaming into Luxembourg (some with a gentle push in that direction from the authorities). Swiss banks have-strengthened their presence and boosted their activities, and Italian banks are making their first steps into the market.

"I think many American banks don't know why they set up here," remarked one American. "They just wanted to be wherever there might be action."
The number of American bank-

ing operations swelled from six in 1970 to 17 by the end of 1973. Attrition and consolidation reduced that number to 13 at the end of 1977, but not even that properly indicates the decline of American ac-

tivity in Luxembourg.
"If we were starting up now," confided the representative of a big

This Report

This report was prepared and written by Darrell Delamaide.

UXEMBOURG (IHT)-The New York bank with a unit in Luxembourg "we'd probably think twice about it."

For the Americans, the matter is simple—the corporate tax bite in Luxembourg makes genuine offshore centers like the Channel Islands, Nassau, or maybe eventually New York much more attrac-

tive for handling loan business. No Leftovers

Americans concentrate their Euromarket activities in London and do not really have much left over for Luxembourg-except agency work for corporate customers. The British banks never had a reason to go to Luxembourg and show no in-clination to do so now. The Dutch have a much better deal in the

Antilles. But the banks that do come here have very clear conceptions of what

they are looking for.

The Swiss came looking for a market in which to pour their fidu-ciary funds. "We are money sup-pliers for the other banks," said Walter Kobel, assistant director of Union de Banque Suisses (Luxembourg) S.A. "We channel the capital surpluses out of Switzerland. No other banking group plays this role

of giver."
The German banks, which are The German banks, which are constantly seeking refinancing for their credit activities, especially appreciate the Swiss presence. The Swiss banks, too, bring their expertise in investment management. While no one expects Luxembourg to become a little Switzerland for private investors, most see considprivate investors, most see considerable room for expansion in servicing the private customer with-to use American jargon-high net

"We are developing a specialization in investment management 'I think many American banks don't know

why they set up here,' remarked one Ameri-

can. They just wanted to be wherever there

might be action.

here," explained Patrick I Cunn- units from the Nordic countries ingham, vice-president and managing director of Bank of America In-ternational S.A. Bank of America and at least three or four more are just completed a reorganization of on the way. The main reason for its international structure which encoming is to sidestep the strict tailed consolidation of its two Lux- credit ceilings in the home counembourg subsidiaries (the other tries and provide Eurocredits for was called Bank of America S.A.) the industry there. But these new-and concentration of Euromarket comers fully intend to engage in a and concentration of Euromarket activity in London.

Mr. Cunningham and others see a pickup in interest from private investors for depositing their mon-ey in Luxembourg, expecially in the wake of the Swiss measures blocking securities investments by for-eigners. (The Swiss deny the measures adopted to quell short-term currency unrest will divert any sig-nificant number of investors to the Grand Duchy.) Although Luxembourg calls attention to its tradition of bank secrecy, its very presence in the European Economic Communileaving it subject to any community-wide disclosure regulations that may be adopted—makes it sus-

picious for the tradional Swiss The arrival of the Scandinavian banks has been greeted with enthu-

rose to 10 at the end of last year from just three at the end of 1975, broad range of activity and seem committed enough lo Luxembourg

to constitute a weighty group on the model of the German units. "We were already in London with a consortium bank," said John Rammer, general manager of Den Danske Bank International S.A. explaining why the bank's first unit abroad was set up here. "Luxem-bourg looked easier and perhaps cheaper, although corporate taxes are much higher than in Denmark."
It was only in the summer of 1976 that the Danish central bank gave the green light for foreign subsidi-aries, and in November of that year, the Luxembourg unit was in

Mr. Palmer noted that Danske's Luxembourg unit reported its balance-sheet volume at 15 billion siasm. The number of banking Luxenbourg francs (\$475 million)

at the end of last year. "That's as big as an Edge-Act bank in the U.S.," he remarked. "In principle, tion for Euroloans is not linked diwe are ready to engage in full interbe profitable." He added, though, that their growth might be limited by the requirement of keeping capital at 3 percent of balance-sheet

The first Danish bank to arrive was Privatbanken International (Denmark) S.A., which started up in October 1976. Ole Bruun, assistant general manager, said the balance sheet at the end of the first quarte: had already reached 13 bil-lion francs (\$412 million). But Mr. Bruun doubted that the Danish or other Scandinavian banks would repeat the German growth. "We are smaller and the difference in size v/ill keep expansion more moderate," he said.

The Scandinavians, though, are now numerous enough to create a market in their own currencies. Moreover, they are interested in taking part in the DM money market, but they also have brought a lot of dollars with them.

**Closer Ties** 

"We can help create closer ties between London and Luxem-bourg," Danske Bank's Mr. Rammer said, "because we have always worked closely with London. He said Luxembourg could no longer be regarded as an offshore center, but has become a financial

center in its own right.
There are four Norwegian repre sentations in Luxembourg (they were the first to arrive), and two each f.:om Sweden, Denmark and Finland.

Noticeable in the friendly reception given the Scandinavians is the absence of a highly competitive

### Gives Relief To Bankers By Darrell Delamaide

Tax Packet

UXEMBOURG (IHT)--Eurocenter Luxembourg is here to stay. The Grand Duchy's growth as international financial center has kept pace with the mushroom ing development of the Euromarket itself and now the Luxembourg market has reached a critical mass-it is important enough in its own right that it will survive as a

market center. This optimistic appraisal of banking in Luxembourg, shared by government officials and the banking community, is always accompanied by a warning, however. The legal and fiscal framework for foreign bank operations here must remain attractive enough in comparison with other Eurocenters that the banks will not take their business elsewhen

Most U.S. banks already have decided that it is cheaper or more convenient to handle international activities in the Caribbean and newer offshore centers like Singaore. The tax package presented the Luxembourg government last October marks an attempt to remedy some of the Grand Duchy's competitive disadvantages.

But the problems presented by even this modest effort indicate how hard the task can be and the vulnerability of the Euromarket operations here.

The fiscal packet has granted relief that foreign bankers have long been seeking-particularly a tax break on foreign withholding taxes (to make up for Luxembourg's lack of double-taxation accords) and more generous provisions for risk

The government's proposals, though, fell short of what the bankers had hoped. Nevertheless, even though the measures only created conditions already present in Lon-don or Zurich, the package aroused suspicions in neighboring countries that Luxembourg was trying to create a tax haven, encouraging private investors to take their busi-nesses to Luxembourg banks.

Luxembourg has never been a tax haven for foreign banks and certainly will not become one through the current proposals. But the reaction to these proposals and (Continued on Page 4)

### The Five-Point Plan

rectly to the Luxembourg presence. Much more important for Luxem-

bourg is the growth of the market

(Continued on Page 9)

▼ UXEMBOURG (IHT)—Last October the Luxembourg government announced a fiscal package to relieve some tax burdens on the banks. The measures of this "five-point plan" have been sought by the foreign banks for a long time. They maintain that the measures simply bring business conditions in Luxembourg closer to those in other European centers and that they do not create any new competitive advantage for the banks. The measures are:

• Removal of the 10 percent value-added tax (VAT) on gold

 Tax credits for foreign withholding taxes on interest payments. This is designed to compensate for Luxembourg's lack of doubletaxation treaties. It provides that taxes on interest payments with-

held at the source can be counted against the Luxembourg taxes on income from that interest—on a country-by-country basis. Elimination of a 5 percent coupon tax on Luxembourg bond • Elimination of stamp duty (0.1 percent) on certificates of de-

posit (CDs) denominated in a foreign currency. Global value adjustments of up to 1 percent on secured credits. This allows Luxembourg banks to create general (tax-free) reserves. Previously, global reserves of 1.5 percent could be created only for unsecured credits.

The gold measure was attached to the 1978 budget bill and became effective at the beginning of the year (beating a European Economic Community deadline on this type of change). The other three tax measures (tax credit, coupon tax, stamp duty) are contained in a bill currently before the Chamber of Deputies. Passage is assured and expected soon. The measures will be retroactive to Jan. 1 to the extent possible. The proposed legislation also would boost the subscription tax on holding companies to 0.20 percent of total assets annually from 0.16 percent, to compensate in part for revenues lost through the other measures.

The fifth point in the package, the global value adjustments, is to be implemented by administrative order and is not part of the



### LUXEMBOURG

**TRADITION** AND INTERNATIONAL **EXPERIENCE** IN ALL EUROMARKET **TRANSACTIONS** 

### THE GUARANTEE FOR AN OUTSTANDING **SERVICE**

- EUROBONDS EUROCURRENCIES
- INCORPORATION AND ADMINISTRATION OF HOLDING COMPANIES AND INVESTMENT
- PORTFOLIO MANAGEMENT FOR PRIVATE AND INSTITUTIONAL INVESTORS
- COMPLETE BANKING SERVICE.

CREDIT INDUSTRIEL D'ALSACE ET DE LORRAINE LUXEMBOURG 103, Grand'Rue.

TEL: 46 85 11 TELEX: 3465a CIALA LU



**GROUP** 



### Trying to Decide Which Local Banks are 'Domestic'

UXEMBOURG (IHT)-Amid banking activity in Luxembourg, it is often difficult to decide which

hanks here are "domestic."

In addition, given the Belgo-Luxembourg Economi: Union, a wide
interpretation of domestic would
include all of the Belgian banking operations in the Grand Duchy.

Kredietbank Luxembourgeoise is case in point. Does it, or doesn't t, rank as a domestic bank?

Founded in 1949 as a subsidiary of Kredietbank Brussels, the unit functioned until the 1960s as the branch in an area that for financial purposes could be regarded as

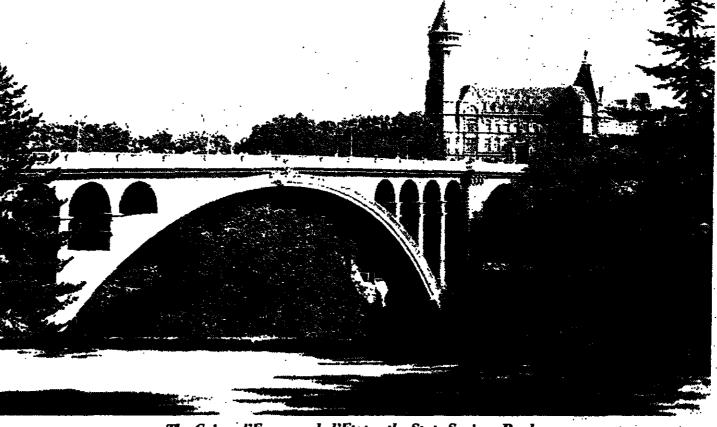
"We're the most foreign of the domestic banks and the most do-mestic of the foreign banks," commented Andre Coussement, general manager of KBL. He noted that the recent reorganization of the Kredi-etbank group, transferring KBL to direct ownership of the holding company, made the Luxembourg operation a sister rather than a daughter of the Brussels bank.

The change will make KBL more prominent and put even greater emphasis on its role in the Euromarket on behalf of the group. Mr. Coussement said. Still. KBL has three branches in Luxembourg and does a considerable amount of re-

Clearer pedigrees can be found for the Big Three commercial banks—Banque Internationale a Luxembourg. Banque Generale du Luxembourg and the Caisse d'Epargne de l'Etat-Banque de l'Etat. Banque Internationale (BIL) was founded in Luxembourg in 1856 as a private bank with an international orientation. Caisse d'Epargne was established the same year as a state-guaranteed savings bank. Banque Generale was al-ready around in 1919 as a branch of Societe Generale de Belgique. and in 1935 was incorporated as a Luxembourg company

#### World War II

Caisse d'Epargne was integrated billion). into the German savings bank system under the Occupation during World War II, and the bank was reconstituted afterwards as a universal bank. It is the largest domes-



The Caisse d'Epargne de l'Etat—the State Savings Bank.

tic bank with a (1976) balance-sheet volume of 98 billion Luxemhourg francs (\$3.1 billion).

BIL, through a series of eventsncluding the 1976 merger with Banque Lambert-Luxembourg-is now 40-percent owned by Banque Bruxelles Lambert. Through the ups and downs of its history, though, BIL has retained its right to issue hanknotes (Luxembourg has never had a central bank). It is the second largest domestic bank, with a 1977 balance sheet totaling 70 billion Luxembourg francs (\$2.2)

BIL engages in commercial and retail banking, syndicated loans, bond trading and manages Luxemhourg franc issues. The bank also holds a 50-percent interest in Banque Continentale du Luxem-bourg (the other half is held by Hessische Landesbank Girozen-become more harmonized as dealtrale of Germany) and 40-percent of Banque Commerciale (the rest

belongs to Banque Nationale de

Paris), which was founded following World War I.
"We are stressing the interna-tional side more than ever," said Edmond Israel, BIL management board member. "We recently opened a representative office in Singapore. We believe that Southeast Asia is very important for commercial and financial links."

Besides aiding in the export of Luxembourg steel and attracting industry to the Grand Duchy, Mr. Israel said BIL hopes to help link the two international financial cen-

"More and more, this free market is a worldwide market where

ing houses go around the clock, but the framework is still a little vague. Linking two centers like Singapore and Luxembourg could be instrumental in furthering this harmo-

But he hastened to add that domestic business is still very import-ant for BIL. The bank is becoming increasingly "universal" and offering a higger palette of services.

Caisse d'Epargne, on the other hand, while working to remove its slow and bureaucratic image, is in no hurry to go abroad on the model of the German central savings hanks. Henri Germeaux, assistant director at Caisse, said that there is no need "at the moment" for the bank to go abroad to fulfill its

functions as a savings bank and state bank

Mr. Germeaux noted that Caisse d'Espargne is the "house bank" for many American firms active in Luxembourg. The bank also holds deposits for many of the foreign banks operating in Luxembourg without becoming too involved in the Euromarket activities.

### Across the Way

Caisse d'Epargne, by virtue of its high market share in private savings accounts (50-60 percent), has usually determined domestic interest rates. "The savings-account rate hecomes the key rate," explained Mr. Germeaux, noting that the Grand Duchy avoided the hig fluctuations of the Belgian interest rates despite the monetary union. Across the way, meanwhile,

plans for strengthening the bent international activity. KBL enabled the Kredietbank group in 1973 and 1975 to top the list of Eurobord? managers. But then, Mr. Couche. ment explained in an interview. their share slipped for two reasons. The interest rate structure was suchthat Eurobonds were no longer-seinteresting to Belgian customers— the source of KBL's placing power— Also, bonds denominated in Europe pean Units of Account—Krediet, bank's specialite and "the only way you could borrow in 1975," according to Mr. Coussement-laded

from the scene. "But we increased our profits" from the issuing husiness in 1976 and 1977," Mr. Coussement said. He explained that KBL specialized in private placements, primarily for Scandinavian borrowers, "Also, I've spent half my time abroad, expanding our placing power." he

He noted an expansion in KBL s. commercial activities and greater engagement in syndicated "But we bid for mechani-sized business—\$25 to 30 million." Mr. Consement said. "Why take 55 million in a \$200-million loan to." Ireland. The Irish will never be grateful to you." A small Scandinavian city or a company, however, would be a grateful customer, he

Mr. Coussement is also enthusiasue about advanced payment and performance bonds, especially for projects in the Middle East. Hecalled attention to a \$60-million performance bond for Lockheed Corp. managed by KBL last year.

For the purpose of domestic finance, particularly to fill the gap for medium and long-term capital for industrial expansion, the government last year created the Societe Nationale de Credit et d'Investissement. With Caisse d'Epargne, the new institution is the only public-sector financial institution in Luxembourg (Caisse d'Epargne fulfills the functions of government treasury—including the issue of smaller banknotes and

Rounding out the domestic parture are the two cooperative ban Caisse Centrale des Associaté Agricoles Luxembourgeoises, Fortuna-Societe Cooperative : Credit et d'Epargne

Banque Générale du Luxembourg established since 1919 is offering full domestic and international banking services.

Banque Générale du Luxembourg is a member of the Luxembourg Stock Exchange.

Banque Générale du Luxembourg is actively participating in the primary and secondary euro-bond markets and in the foreign exchange and euro-deposit markets.



Société Anonyme Head Office: Luxembourg avenue Monterey 27

Telex 3401 bgl lu; 2783 bgltit lu; Foreign exchange and euro-deposits: 2742 bglex lu

Telephone: 47991 Foreign exchange and euro-deposits: 21555



### LOCKHEED CORPORATION

US \$ 60,000,000

Syndicated Bonding Facility

Managed by

### Kredietbank S. A. Luxembourgeoise

With the participation of

Algemene Bank Nederland N.V. Creditanstalt-Bankverein **Grindlays Bank Limited** 

Badische Kommunale Landesbank International S. A Berliner Handels- und Frankfurter Bank DG BANK Deutsche Genossenschaftsbank Cayman Islands Branch

Arbuthnot Latham & Co., Limited Banque de Neuflize, Schlumberger, Mallet Banque Internationale à Luxembourg S. A. Crédit Général S. A. de Banque Kredietbank (Suisse) S. A. PKbanken International (Luxembourg) S. A

Banque Européenne de Crédit (BEC) S. A. First International Bancshares Limited Norddeutsche Landesbank International S. A

Bank of Montreal Crédit Industriel et Commercial Kredietbank S. A. Luxembourgeoise

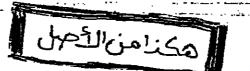
Banca del Gottardo Banque Générale du Luxembourg S. A. BHF-BANK International Den norske Creditbank (Luxembourg) S. A. Nippon European Bank S. A. Standard Chartered Bank Limited

Arranged in cooperation with Greyhound International Financial Services Ltd.

KREDIETBANK S. A. LUXEMBOURGEOISI



January, 1978





# remier Gaston Thorn on the State's Role in the Euromarket

EMBOURG (IHT) In an green, Luxembourg Pre-eston Thorn discusses the foreign banking in the Suchy's economy with Dar-tamaide of the IHT. The ent chief also bluntly adthe problems arising from ourg's role as a Euromarwithin the European s well on the future of the rket and Luxembourg's

side—The number of 1 Linembourg has quadru-the last 12 years; the bal-set totals of all the banks at amount to more than Hion Luxembourg francs. He does Eurobanking play axembourg economy? Has crisis made foreign bank-

hern-The banking sector second largest private em-(after the steel industry) ne than 6,000 people—alpercent of the active popu-on its payroll. While the justry's share in our GNP w diminished to about a the development of the sector comes just in time how compensate these loss-banking sector already is est texpayer in the country. st decade, about 4,000 new re created in this sector. Fiactivities help us to keep mee of payments favorable a 9 billion-franc trade gap

uxembourg is currently new industrial investment e United States and else-Is Luxembourg's developa financial center a selling rattracting new industry?

ne Euromarket, compled e transfer of capital, offers investors a range of finanflittes which they are not find anywhere else. That is n asset. The smooth operahe center, its reputation for nce and efficiency further points we are making to ew investments.

as the growth of Luxemis a Eurobanking center any adverse reaction or poessure from other members

3 NON

Good luck and success always breed some jealousy. But I think we

were able to convince our neighbors that their fears are not justified,

that the Luxembourg financial center does not work against their

basic interests. Certainly the government has no intention of condon-

ing any such activity.

of the European Economic Com-munity, particularly Belgium or tion.

O—What are your major con-

neighbors that their fears are not justified, that the Luxembourg financial center does not work against their basic interests. Certainly the government has no intenrecent monetary and financial turbulences without any notable crisis. Once again the liberal but very real and competent control exercised by the Banking Commission has proved its effectiveness. Being conscious that a small-sized country benefits a lot, or even most, from the free circulation of people, goods, services and capital, Luxembourg fully accepts EEC policy in those matters and entirely respects its EEC obligations.

But as long as harmonization of the fiscal systems and of the tax a financial center. collecting procedures is not activatrifice ourselves and do other people's and other countries' job of stopping the gap in their own fiscal policies. We have never refused to discuss real problems; we have al-most always found sensible solutions, but we don't intend to be a

On the contrary, we feel that Luxembourg is fulfilling a useful function in the international money markets and one which would otherwise, no doubt, be fulfilled else-

at December 31st, 1977 (in mousands of lux francs)

Q-What are your major con-A—Good luck and success al-ways breed some jealousy. But I ity here, given that the whole oper-think we were able to convince our ation is vulnerable to forces beyond the control of Luxembourg-or anybody else for that matter?

A-Transactions with non-residents as well as transactions in fortion of condoning any such activi-ty. Luxembourg has survived the volume. Among the 94 banks, only eign currencies represent about 80 12 are of Luxembourg or Belgian origin. But the money flows through rather than to Luxembourg. Although large amounts are involved there is little if any repercussion on the national economy, apart, of course, from the banking activities in themselves. So there is no disruptive effect on the national economy and consequently no temptation or pressure to bend these international financial flows to national objectives-which is another attraction of Luxembourg as

O-What direction do you see 'ed within the community, we don't the world monetary system taking, see why we should be asked to sac- and what role do you want Luxemand what role do you want Luxem bourg as a Eurobanking center to play in the near to medium term the next five years? What dangers lie in the near future?

> A-Unfortunately, economic and financial activities are presently very negatively influenced by the sharp fall of the U.S. dollar. It is not merely the weakening of the U.S. currency which seems to cause most trouble, it is rather the uncertainty about if, where and when it

the next few years, Luxembourg's anking sector will remain dynamic, though its expansion will per-haps be at a slower rate. I think that above all the financial center's relations with non-industrial countries could be improved. Presently more than two-thirds of the Eurobanks' activities concern Western European countries. Only a few banks have their origin in a country of the Third World.

A lot needs to be done to profitably and sensibly recirculate money so abundantly available in the OPEC countries and elsewhere to finance development, for instance, and the restructuring of the world economy. Luxembourg can play a useful role here. First steps are already taken, but they must be followed by others. .

Q-Do you think Luxembourg can remain "competitive" as a

A-A main concern of the government is certainly to maintain the competitiveness of the financial center. Therefore, the banks established in Luxembourg must be offered the same or better conditions than elsewhere, in London or Zurich. So this government recently adopted these measures in order to ease or eradicate certain fiscal handicaps which have disadvantaged Luxembourg-based banks as compared to banks located in other centers. But above all the development and the reputation of Luxem bourg is due to natural assets or general considerations, like the cen-



telecommunications system, the bilingual and even largely trilingual population, the healthy political

Q—Luxembourg has been designated as the "financial center" of seat of the EEC's existing linancial

development in the EEC itself that would lead to the the establishment of a new community institution or office in Luxembourg?

tage from Luxembourg's growing international financial position. For Luxembourg, the bank lends where, probably outside the comcan finally be stabilized which is
munities and therefore out of reach such a serious preoccupation. In
heart of Europe, the very efficient ty. Do you foresee any significant ropean Investment Bank (since ternational banking reputation. and monetary institutions: the Eu- extra weight and prestige to its in-

Luxembourg's

Premier

Gaston Thorn.

1968) and the European Monetary

The EEC shows little progress at Cooperation Fund (since 1973). The benefits are reciprocal: the EIB the moment in the institutional field. I am convinced however that has almost certainly drawn advanincreased cooperation and common action in the monetary field is a priority in the present difficult economic situation. The existing in-struments should, however, be able to cope with our present needs.

### BIL reports good results in 1977

at maximum one month	24.699.357
Term deposits with banks	18.496.798
Deposits with non banking financial institutions	1.394.200
Bills and notes	2.273.184
Loans and advances	20.291.611
Securities	3.329.300
Fiduciary accounts	3.365.915
Miscellaneous	1.404.856
Fixed assets	1.779.288
	77.034.509
Liebilities	
Current liabilities:	00.004.415
- Banks	23.991.415
<ul> <li>Non-banking financial institutions</li> </ul>	23.991.415 546.588 44.415.354
<ul> <li>Non-banking financial institutions</li> <li>Deposits</li> </ul>	546.588 44.415.354 1.758.282
<ul> <li>Non-banking financial institutions</li> <li>Deposits</li> <li>Miscellaneous</li> </ul>	546.588 44.415.354
<ul> <li>Non-banking financial institutions</li> <li>Deposits</li> </ul>	546.588 44.415.354 1.758.282 3.365.915

Cash and deposits with banks



243.868

77.034.509

### International services expanded

1977 was an eventful year for Banque Internationale à Luxembourg (BIL), Luxembourg's oldest bank - · founded in 1856 - and one of its largest and most

At the end of 1976, the Bank had taken decisive steps to expand its domestic and international operations by merging with and absorbing Banque Lambert-Luxembourg. Despite the problems and an initial burden of extra administrative costs inherent in a merger of this magnitude, BIL is glad to report satisfactory overall results for 1977. Total assets grew by about 10 per cent to over Lfrs. 77 billion accompanied by a corresponding increase in earnings.

In addition to its comprehensive coverage of the domestic market and the privilege to issue bank notes, BIL is expanding its international services. Operating in one of the world's foremost financial centers, the Bank offers a broad range of international facilities including Eurobonds; syndicated Euroloans; security trading; foreign exchange and money market transactions; portofolio management; and domiciliation of foreign corporations and trusts. Through a far-reaching network of correspondents and its association with ABECOR\* - the world's largest banking group with assets exceeding US \$ 200 billion – BIL provides services worldwide.

own Representations in Singapore and in New York

société anonyme founded 1856 Luxembourg, boulevard Royal 2 tél. 47911 télex 3409 & 3429 biarbi lu



# **BV and BV** can help you put the Euromarket into focus

Bayerische Vereinsbank, one of Germany's major banks with group assets of DM 65 billion, is an established force in the Euromarket with a wholly-owned subsidiary in Luxembourg, officesin the main financial centres of the world and participations in Europe and overseas.

BV specializes in foreign borrower's private D-Mark placements on the Euromarket.

Bayerische Vereinsbank International S.A. Luxembourg, specializes in self-liquidating shortterm commercial credits in all major Eurocurrencies and its medium and long-term credits are carefully balanced against the Bank's considerable refinancing capacity.

Representative offices in London, Paris, Caracas, Johannesburg, Rio de Janeiro and Tehran, connect its international Headquarters in Munich with other financial capitals of the world.

In New York, Union Bank of Bavaria, -UBB- (Bayerische Vereinsbank) New York Branch, is at your service with a full range of commercial banking services. Further UBB-offices are in Chicago, Los Angeles and Grand Cayman. At the beginning of 1978 a new BV-branch was opened in Tokyo.

Bayerische Vereinsbank also benefits from its special status, dating back to the nineteenth century, both as a commercial bank as well as a long-term finance house. This dual function gives the Bank added flexibility and financial backbone which is of great value to its corporate clients, particularly, in the field of capital investments in Germany, foreign trade and inter-

national financing. You should get to know us better We'll put the advantages of the Euromarket to work for you.

**Bayerische Vereinsbank** International S.A.

17, rue des Bains Boîte Postale 481 LUXEMBOURG Telephone: 42 86 11 Telex: 26 52 bvi lu

Bayerische Vereinsbank Representative Office for the United Kingdom 40, Moorgate, LONDON EC2R 6AY Telephone: 6289066-70 Telex: 887876 bvlg

Further information from:

Bayerische Vereinsbank International Division Kardinal-Faulhaber-Strasse 1 D-8000 MÜNCHEN 2 Telephone: (089) 2132-1 Telex: 523321 bvmd SWIFT: BVBE DE MM





# Grand Duchy's New Tax Packet Grants Relief to Bankers

LUXEMBOURG 2

(Continued from Page 1) the strains inherent in the disproportionate activity of West German

banks in Luxembourg indicate the weaknesses of the tiny country as a financial center.

The government's flexibility is further restricted by the fact that foreign banks have become increasingly important in the domestic economy, especially in the wake of problems in the steel industry. Luxembourg's traditional main-

grown and seems likely to continue embourg: "In spite of certain dis-in this direction. Balance-sheet vol-ume of Luxembourg banks was up roster of bank names of sufficient 23 percent last year, after a 15-per- prestige to make it attractive as a cent growth the previous year. The market place in itself—a place number of banks rose to 94 follow-where many self-respecting internanumber of banks rose to 94 following 10 new arrivals in 1977 (com- tional banks believe they ought to pared with just 37. at the beginning have a presence.' of the decade and 15 in 1960).

Since the end of 1973, as the Euromarket itself has doubled its volume, Luxembourg has increased its navian banker generously observed, share from 7 percent to over 11 per- "Most people know where to find cent. Its share of net lending (cred- Luxembourg on the map now.

its to non-banks) has grown to 25 percent from 16 percent in the same period.

And if the Americans have reduced their activity in Luxembourg, German banks have continued to expand, in numbers and in volume, while an increasing number of banks from Scandinavia and Italy are opening up shop in the Grand Duchy.

The American accounting firm Peat, Marwick & Mitchell summed it up in a memorandum on how to. Still, the banking center has go about setting up a bank in Lux-

#### On the Map

Or, as one newly arrived Scandi-

**VEREINS-UND WESTBANK** – Northern Germany's largest regional bank –

presents FINANCIAL HIGHLIGHTS

	DAUK	Group
Volume of Business	DM 8.288 billion	DM 9.664 billion
Total Assets	DM 7.341 billion	DM 8.705 billion
Total Deposits	DM 6.818 billion	DM 8.103 billion
Volume of Credits	DM 5.142 billion	
Capital and Reserves	DM 314 million	
Dividend to Shareholder	sDM 9 per each D	M 50
	ordinary share	

**VEREINS-UND WESTBANK** links Hamburg and Northern Germany with all financial and trading centres of the globe. Our subsidiary in Luxembourg ensures direct access to the

VEREINS- UND WESTBANK INTERNATIONALE S.A. LUXEMBOURG, 25, Bonlevard Royal, phone 41401, telex 2668 vwbifx.

VEREINS-UND WESTBANK lead Office, Alter Wall 20-32, D-2000 BAMBURG Li tribute (040) 36 92-1 telex 02 6579 Luxembourg's location in the center of Europe is at once its major strength and weakness. Its central location, well-developed infrastructure, its ties to the European Economic Community and tradition of fine living in the European style certainly distinguish Luxembourg from the classic offshore center. And yet, like the traditional offshore center, its position as a financial place is not due to the strength of its economy but to its smallness and freedom from restrictive domestic regulation. But this freedom itself could eventually be restrained by banking regulation adopted on an EEC level.

A more immediate threat would be efforts from other European financial centers--- Amsterdam, Brussels, Paris, Frankfurt-to increase their international activities with favorable legislation, a move Lux-embourg could provoke if it favors the banks too much. This is the gauntlet Luxembourg has to run.

"We must pay close attention to keeping the banking center attractive-especially from a fiscal point of view-in comparison to London, let alone the real tax havens." Finance Minister Jacques Poos said in an interview. "On the other hand, we must avoid possible retaliation or counter-measures against

Luxembourg from our neighbors." The importance of the banking sector in the Luxembourg economy has been well-publicized. The banks paid 4.7 billion Luxembourg francs (\$149 million) in taxes last corporate taxes and 12 percent of the government's budget.

#### Exaggerated

But Luxembourg's finance minis- trial transition. ter feels the importance of the banks has been exaggerated. "I bourg is 40 percent, plus a 15-per-don't agree with a press report that cent withholding tax on income this country lives exclusively from paid out as dividends. This makes the banks, Mr. Poos said. The the effective tax rate about 50 per-6,300 persons employed in the cent for many banks operating in banking industry make up just 4.5 Luxembourg—hardly the rate to percent of the work force. Mr. Poos justify the attribution of tax haven. noted. He added that even though the steel industry has not paid any embourg has developed as a financorporate taxes lately because of cial center, that's due to a whole set heavy losses, it is still the biggest of reasons which have nothing to employer and pays the wages that do with fiscal facilities. are then taxed. Private income tax- Even the proposed fiscal meaes brought the government 9.5 bil- sures to ease the tax burden are relion francs (\$300 million) in reve-nues last year. "half-hearted." The most import-

Belgium Clervaux Wiltz Diekirch Ettelbrück Redange LUXEMBOURG West Germany France

ant-the credit for foreign with-

holding taxes on interest income-

has lost some of its glitter through

the fact that the credits will be giv-

en on a country-by-country basis.

Step by Step

bankers would have preferred the

concession to be granted on a larg-

er geographical scale, at least by

zones. But the government wants to

take it step by step because the ef-fect on lost tax revenue is difficult

to calculate ahead of time. Despite

their disappointment, though, the

bankers welcome the measure,

which has long been seen as neces-

Luxembourg has only eight dou-ble-taxation accords (Austria, Bel-

gium, France, West Germany, Ire-

land, the Netherlands, the United

bility and competitiveness of the Luxembourg banks in the Euro-

Credit business has gained in im-portance in Luxembourg in any case. Although the proportion fluc-

tuates, the amount of credit busi-

ness is nearing half of total volume, and an increasing proportion of the credits managed in Luxmbourg are

credit market.

Mr. Poos conceded that many

Still, the government admits that the unforeseen growth of banking activity has done much to tide the economy over the period of indus-

The corporate tax rate in Luxem-

As Mr. Poos remarked, "If Lux-

three or six months for a set period and represent the "classic" Eurocredit, make up half of the credit business in Luxembourg. Another measure of the fivepoint program, to be implemented administrative order rather than

straight medium and long-tern, lending rather than roll-over. One

credits, which are renewed every

estimated that roll-over

bahker

by law, is the allowance of global risk reserves even on secured credits. The international banks have lobbied long for this measure, which provides them with greater flexibility in building tax-free reserves. Previously, global reserves were allowed only for unsecured

Other measures in the tax package are expected to further new types of business. Removal of the lue-added tax on gold trading adds a new service for private cus-tomers and is expected to boost investment management activity (although Banking Commissioner Pierre Janus cautions that Luxembourg is not going to be-come a major gold center on the Zurich or London models).

#### **CDs**

Elimination of the stamp duty. for certificates of deposit (CDs) de-nominated in foreign currencies could foster a market in these short-term instruments. The Swiss banks, which are money suppliers in the Luxembourg market, are known to be interested in developing the money market.

Taking away the coupon tax for bonds issued in Luxembourg is de-

UXEMBOURG (IHT)-

There were 94 banks estab-

lished in Luxembourg by the end of 1977, four of which

According to the Banking Commissariat's Trimestrial Bul-

letin published in March, these

banks had a balance-sheet vol-ume totaling 2,115 billion Lux-

embourg francs (\$67 billion), of which 1,783 billion francs (\$56.6

are currently inactive.

main bourse for listing Eurobonds, there is not much trading in the bonds here. (The establishment of Eurex, a computer-assisted trading system in bonds, is also expected to help this market.)

To compensate in part for revemues lost through these measures, the legislative proposal calls for boosting the annual subscription tax on holding companies to 0.20 percent of total assets from 0.16 percent. This sounds small, but this tax brought in about 500 million francs (\$16 million) last year, and the 25 percent boost will raise almost another 150 million francs.

Just how many of these new op-portunities the banks will find worth exploiting remains to be seen, but the track record of Luxembourg banks so far indicates they will not pass up any worthwhile opportunities to expand their business and increase

their earnings.
Pierre Werner, long-time finance minister and premier and currently head of the main opposition party. feels that Luxembourg's future as a financial center is dependent on dy-namism and flexibility of both the banks and the government authori-

He looks for an increasing diver-sification of operations. "We have to count on new developments." Mr. Werner said in an interview. "but the basic factors which have favored development remain-small country, stable political and social conditions, absence of strong governmental intervention."

it was precisely this set of qualities, Mr. Werner recalled, that brought the first international insigned to encourage more issues brought the first international in-and perhaps indirectly support the secondary bond market. Although war. International bankers and

the Luxembourg exchange is the multinational corporations an prouched the Luxenthourg govern ment, with a request to adapt if helding-company law, dating t 1929, for financing purposes. The law was changed to allow louns a to ten times equity, so that man U.S. companies made financial transfers through Luxembourg fo their European operations. The holding-company law also we

> qualified for the tax immunities.
>
> This was a prelude to Luxen bourg's development as a Euroma ket center. The liberal holding-con pany legislation, the lack of a cer-tral bank and the unregiments supervision offered a freedom i action attractive to banks, M Werner said. With the 1963 Interes Equalization Tax in the Unite States and the take-off of the Eur market, banks were looking fr places to conduct these operation

adapted so that investment func

with a munimum of interference. In 1965, Luxembourg's reput-tion as an international financi center gained further luster throug the EEC's designation of the Grar Duchy as its "financial capital."] compensate for the loss of the E ropean Coal and Steel Commus ty's executive (through its merg with the EEC Commission) - Lu embourg became the site for the European Investment Bank at other financial operations of the

community. In 1967, Dresdner Bank becan the first of the German banks step across the border. A vertial: flood followed as the Germi banks sought to escape the mill mum reserve requirements impos by the Bundesbank (and later circumvent the Bardepot, a penal imposed by the German gover

ment to inhibit foreign hanking.). From then on, Luxembourg gre with the Euromarket us it pass through the critical phase of ow >liquidity and unhealthy compe tion at the beginning of the 197. and through the crisis years 1973-1974 as the switch to floats exchange rates, the oil crisis a OPEC surpluses led to foreign echange speculation, hank failur (Herstatt) and a crisis of condence. The subsequent reorien tion of the Eurobanks with a mc. cautious approach to credits a foreign exchange re-stabilized a market and enabled it to grow from \$215 billion at the end of 1974,

\$350 billion at the end of 1977. "Sometimes economic reality stronger than theory," said Werner, describing the develment of the Euromarket in spite official worries. In Luxembou the pressure to develop as a cen came from the outside and the gi ernment responded cautiously a pragmatically, Mr. Werner recou

"Some kind of place like this necessary in each economic zone, he remarked. "A strong finane system is one of the major symbol and realities of a small country."

The Grand Duchy's crossros

location, its tradition of many c rencies and languages and its ve openness aided its growth.

Finance Minister Poos concec there is still room for worry abo the-Euromarkets. But we're not theless optimistic. This big disc sion about the possible collapse the Euromarket is in my opini depasse," he commented. Besid he continued, "national banks the big reserve countries ha and to appreciate its usefulness at complementarity to the tradition banking system. There will be

new attack on the Euromani from this quarter."

And as long as there is a Eu-market. Luxembourg will seek be a home for banks engaged in he said, "not as a tax haven in way it's usually meant, but as a nancial center equally worthy

Banking Commissioner Jaz makes it clear, however, that pansion in Luxembourg will not at any cost. "There will be no a cession in terms of supervisio Mr. Jaans said. "This can't be a sidered an issue of competiti ness." In fact, government offici and bankers here are convince that Luxembourg's informal but fective supervision has been a f jor factor in the country's succ

As to pressures from fellow E members. Luxembourg has sho it is willing to stand its grot when its interests are at stake. I government has resisted press from Belgium—which was c cerned about the large number private Belgian investors who k bonds on deposit in Luxembor presumably to evade Belgian ! es—by pointing out that at least money stays in the Belgo-Luxi bourg Economic Union. And it resisted pressure from Germa concerning the operations of C man bank subsidiaries here.

Premier Guston Thorn ma clear in an interview elsewhere this report that Luxembourg has intention of sacrificing its fo policies as long as there is no comunity-wide harmonization of policies

Plerre Werner, at 64 still an tive politician and a likely op nent to Mr. Thorn in next ye elections, puts the matter the "We are not opposed to harmon tion of taxes—so long as it d hinder the international fi

-Eurobanking-

Bayernlux, trading name of Bayerische Landesbank International S.A., is one of the leading addresses in Eurobanking in Luxembourg.

Combining international banking expertise with Bavarian drive and friendliness, Bayernlux offers a broad range of services to corporations, banks and public organizations: -

 A highly flexible money desk for interbank dealing and other money market activities with corporations and other

Placement and trading in fixed

interest securities as a leading market maker in domestic DM and Eurobonds of selected borrowers. Short and medium-term credits



in all Eurocurrencies for corporate clients.

 Loan syndication as roll-over facilities and underwriting of international bond issues. Bayemlux, wholly-owned Luxembourg subsidiary of Bayerische Landesbank Girozentrale in Munich, has a balance sheet total in excess of DM 5.5 billion and equity funds exceeding DM 175 million.

For Eurobanking get in touch with Bayernlux.

> Bayerische Landesbank International S.A. 25, Bd. Royal, P. O. Box 602, Luxembourg Tel.: 475911-1, Telex: 1246 bayer lu

Bayerische Landesbank Girozentrale

International Banking with Bavarian Drive and Friendliness

#### Kingdon and the United States) bebillion) represented foreign excause the Grand Duchy does not change holdings. really have much to bargain with. Not counting fixed assets or The rather complicated law now equity, 82.2 percent (1,719 bilder consideration would bring lion francs) of the balance-sheet some unilateral compensation, and will certainly improve the profita-

Bankers in the Duchy

volume on the active side represented dealings with customers residing outside Luxembourg. Non-residents accounted for 79.3 percent of the liabilities.

Funds employed in the Euromarket (on the active side) were the equivalent of \$43.8 billion, or about 11.5 percent of total Euromarket assets as reported

by the Bank for International Settlements. On the passive side, the total was \$41.8 billion, 44.7 percent of which represented U.S. dollars; 46.5 percent, deutsche marks; 5.2 percent, Swiss francs; 0.6 percent, pound sterling: I percent, Dutch guilders; 1.7 percent, French francs (leaving 0.3 percent for other currencies).

Banks and other credit insti-

tutions employed 6,308 persons at the end of December, of whom 1,826 (28.9 percent) were foreigners. Branch hanks, engaged primarily in domestic business, accounted for 3,203 of the total, including 331 (10.3 percent) foreigners. Banks engaged strictly in Euromarket business employed 1,203 persons, of whom 689 (57.2 percent) were foreign. "Mixed" banks, active in both domestic and international arenas, employed 1,902 persons, including 806 (42.4 percent) foreigners.

An Arab and International Association in Banking and Finance.



France: UNION DE BANQUES ARABES ET FRANÇAISES - U.B.A.F.

UBAF BANK LIMITED

Rome-Milan: UNIONE DI BANCHE ARABE ED EUROPEE - U.B.A.E.

(Italia) S.p.A. New York:

Bahrain

**UBAF FINANCIAL** SERVICES LIMITED

Luxembourg/Frankfurt: UNION DE BANQUES ARABES ET EUROPEENNES S.A. - U.B.A E.

Hong Kong: UBAN ARAB JAPANESE ARAB AMERICAN BANK FINANCE LIMITED

General Representative Offices for the Middle East

Major banking and financial institutions from all the twenty Arab countries

- France - United Kingdom - West Germany - United States of America

are shareholders in one or more of the seven independent companies.

i 114...

ربريم عاجة

. .

1 864 L

4

ر نسوف

\$45 m.

1

in the

### European Investment Bank Expands Its Lending Activity EMBOURG (IHT)-The to further fortify Luxembourg's

f confidence in the institution response to the institution's ly growing responsibilities.

inded in conjunction with the sean Economic Community provisions of the Treaty of to obviate expected regional innetural problems. EIB has ided its lending activities from iginal community of Six to inmore than 75 countries. over, it administers developaid and special projects for amminities and has been desed to administer any funds wed directly by the EEC

intergovernmental agreement 15 designated Luxembourg as EC's financial center, and the tion of EIB from Brussels in was the main signal. Even h the bank's operations are n operations in the Grand in EIB is seen as something of hip for the financial center. 1965 agreement and the ree from Luxembourg. The key est. department for Credit and V ment, however, remains here the regional impact of projects, its

decision of European govern-gent heads last month to rec-gent heads last month to recend the doubling of the sub-railroad administration building is proceeding with plans for a new building on the Kirchberg Blate. proceeding with plans for a new building on the Kirchberg Plateau with the rest of the EEC complex.

Growth

The physical expansion reflects the growth of EIB's activity. New lending last year totaled 1.57 bil lion units of account (UA) (\$1.88 billion), up 23.5 percent from the previous year, compared with 200 million UA when EIB first came to Luxembourg. From its founding up to the end of 1977, the institution has provided 8.506 billion UA in financing 87 percent of it to EEC member states. The doubling of subscribed capital to 7 billion UA (\$8.4 billion) will enable the bank to carry up to 17 billion UA (\$20 billion) in outstanding loans and guarantees (25 percent). The bank was designated to provide supplementary financing in industrially underdeveloped areas, which, as jetely separate from the Euro- the writers of the Treaty of Rome perations in the Grand thought, might be even more disadvantageous through the competi-tion of the Common Market. Further, the bank was to ease structurm of EIB was a compensa- al adjustments necessitated by rithe removal of the Europe- creation of the EEC and help al and Steel Community ex- finance projects of common inter-

While EIB still concentrates on

While EIB still concentrates on the regional impact of projects, its role has shifted

somewhat. 'The change of emphasis comes from the fact that we have two main

problems...Business trends are sluggish and this leads to sluggishness in private

investment, particularly in industry. Second, member countries are reluctant to

launch public investment projects because of balance of payments problems.

role has shifted somewhat. "The change of emphasis comes from the fact that we have two main problems." Yves Le Portz president of EIB's management committee, said in an interview. "Business trends are sluggish and this leads to sluggishness in private investment. particularly in industry. Second. member countries are reluctant to launch public investment projects because of balance of payments problems." Early last year, the Eu-ropean Council expressly asked EIB to help spur lagging econo-

And so lending to industry in-

426.2 million UA (\$511 million), al- to the EEC received a new accent most half of it to the steel industry. from 1974 onwards, in the wake of As part of its industry lending, EIB the oil crisis. Projects to modernize boosted its global loans—credits to European energy supplies and to national intermediary bodies for foster autonomous sources of ener-

the community, 19 percent went for projects in the nuclear-energy field Since 1963, EIB has provided fi-

gy projects. Of the total 1.4 billion UA (\$1.7 billion) new financing in

nancing operations in 1977 under the convention totaled 84.1 million UA (\$101 million). These loans are provided from ElB's own resources, but often carry interest subsidies financed by EEC budgetary funds.

#### Refinance

The concept of EIC is to refinance its lending through borrowing on the basis of the subscribed capital, and to cover its borrowing costs through its interest charges.

It is here, of course, that EIB does have a good deal to do with the Euromarket, because much of its refinancing is raised in international capital markets.

Through 1977, EIB raised 6.1 billion UA (\$7.3 billion) in the bond markets. The stepped-up lending in 1977 meant a big increase in borrowing as well. EIB last year raised 1.161 billion UA (\$1.4 billion) in public and private issues, up from 749 million UA (\$899 million) the

horrowing. Recent issues included: • \$30 million (8.25 percent 10year) in the Asian dollar market; • 150 million DM (6 percent 12-

• 25 million pounds (9.75 per-cent 10-years) in the Eurosterling

 \$200 million in the Eurodollar capital market (split into 10 and 15-

#### **Borrowing**

But this borrowing activity in it-self does not require being in Lux-embourg. In fact, while noting the central location, good infrastruc-ture and pleasant life afforded by Luxembourg. Mr. Le Portz points out that there is no particular financial benefit to the bank. "We could just as well be in one of the other countries." he commented.

cause Luxembourg likes to hang on to its European institutions.

### arex Brings Automated Trade

ostimued from Page 1) Ø3 new issues were listed, in-184 international bonds, from 229 the previous year

urobonds). than 1,100 Eurobonds isted on the Luxembourg exby the end of 1977, an esti-70-75 percent of all public sond issues—excepting he-mark and Swiss-franc which are listed on domestic iges. Eurobonds accounted percent of the issues listed Luxembourg bourse, while

in two weeks, there are no and fees are low. Most bank- support a full-scale exchange. msider it useful to list the despite the fact that little is done on the exchange.

Luxembourg's popularity for Eurobond listing are simplelisting here is quick, cheap and easy.

was conceived in 1927 and finally -including foreign shares- opened in 1929, hardly a propitious r only 89, or 6.7 percent of year to open a stock exchange.

127 listed issues.

year to open a stock exchange.
Depression, war and reconstruction reasons for Luxembourg's kept the Luxembourg exchange rity for Eurobond listing are from developing its international is listing here is quick, cheap aspirations prior to 1960, and the asy. The paperwork can be capital needs of the Luxembourg economy are scarcely sufficient to

### Investment Funds

An unusual feature of the Luxembourg exchange is the listing and trading of investment-fund certificates for bourse's development as a cates. At the end of 1977, there sale in Luxembourg are required to load exchange unintentional—were 73 funds listed on the report to the Banking Commissari-

tues exchange. The bourse had a roller coaster history in the embourg.

The reasons for Grand Duchy since the holding company law was widened at the beginning of the 1960s to include the management companies of investment funds. The funds grew from 1965 to a peak in 1972, and have declined steadily since the IOS scandal. In 1972, 95 Luxembourg funds had assets of 112 bil-lion francs, (\$3.5 billion). This compares with 24 funds and assets of 22.6 billion francs (\$17 million) in 1967, the first year for which figures are available.

> By the end of 1977, the number of funds based in Luxembourg had dwindled to 82, with assets of 83.7 billion francs (\$2.66 billion). There has been a net decline in certificate transactions in the period as well. Whereas in 1971, the funds recorded net sales of 2.5 billion francs (\$79 million), net placement in 1977 was a negative 277 million

Since 1972, all investment funds, filled the wishes of its foun-exchange.

at. The Commissariat's latest report its establish an international Investment funds in general have lists 24 foreign funds active in Luxat. The Commissariat's latest report

#### on-lending to small and medium-sized industry—by 50 percent to said. nancing for projects outside the EEC, in the Mediterranean basin 91.3 million UA. But EIB is not likely to move beprevious year. Mr. Le Portz noted that financ-In 1977, 27 percent of EIB lendand the 53 countries in Africa, the Caribbean and Pacific which ing for projects of common interest ing to member states went to ener-Like other supranational lending Grand-Halleux Vielsalm Saint-Vith Salm-Mannay Lierneux Schwarzer ique-dechâteau raiture e de A Steinebrück **3 652** Beho \_ :he-Cherau jenne. Nadrim Schönech Hulda Pronsfeld Wemperhard Waxweiler Bertogne Arzfeld Seffe ichamps Dasburg ongvilly Neuerbufa losinger -Mettendorf Vianden Bourscheid Heiderscheid Bollendorf LHelenehb rrei . Echtemacherb: Colmar-Berg Waldillig Useldangearoch sdorf Mersch

# Your international bankers in Luxembourg

at 31 March 1978 ata i propatitivat

Total assets Liabilities

approx Lux Frs 221 bn (US \$7.1 bn) approx Lux Frs 209 bn (US \$6 7 bn)

Capital and

equivalent funds approx Lux Frs 12 bn (US \$0.4 bn)

We cover

all types of wholesale banking business in international financial markets

We accept.

food term, sight and call deposits in all Euroconencies We manage international medium and short term to an

syndication -

 Welengage. We provide

in the primary and secondary Eurobond market portfolio management services

Wedeal

We issist

in spot and forward foreign exchange and procious metals

\* responsitions and individuals in the formation and management of holding companies in Luxembourg

Stirre in Marche are Herber POBOL366, LUXEMBOURG lightenie 47mH ( ામ તેલ્વામાં મામ્યમાં ક Jelex 2558 Dom 1

Fatherstrasse 6. (Sechol) Postfacts 64, CH 8034 ZURICH Telephone 34 91 00 Telex 57 104 Door Cables: BANKCOMPANIE ZURICH

Telephone 428161 doubled room Telex 2302 Dats Cables BANKCOMPANIE LUXEMBOURG

Compagnie Luxembourgeoise de la Dresdner Bank AG

- Dresdner Bank International

For any major German bank active in international finance, an operating unit based in Luxembourg is a must. That's why our parent bank has been engaged here via a joint venture since 1972. Now, to strengthen this involvement substantially, DG BANK Deutsche Genossenschaftsbank of Frankfurt am Main has set up its own subsidiary. DG BANK INTERNATIONAL, as a "societé ano-

suve

Aubange,

nyme" in Luxembourg. Our activities include all aspects of corporate financing, the management and underwriting of international bond issues and private placements, and, of course, money market and foreign exchange dealings

DG BANK is both an internationally operating bank providing comprehensive commercial and investment banking services to prime corporate customers, public authorities and banks, and it serves as central bank for a system encompassing 5,000 local banks, ten regional banks and a num-

ber of specialized institutions in the Federal Republic of Germany. At year-end, 1977, DG BANK commanded consolidated assets of DM 43,590 million (the equivalent of US \$ 20,708 million), and for the banking group it heads the total was DM 240,000 million (US \$114,000 million).

DG BANK INTERNATIONAL Société Anonyme.

Wasserbillig

Trassem

RHEINE

25 B. Boulevard Royal (Forum Royal), Boîte Postale 661, Luxembourg, Phone: Luxembourg 47 59 711, Telex: Luxembourg 1878.



Saeul CHATEAU





# Banking Supervision Is Pragmatic, Flexible—and Tough

L of the most stringent controls on banks in Luxembourg is often overlooked. That is the difficulty of

The requirements on paper, as so often with bank supervision in the

UXEMBOURG (IHT)—One Grand Duchy, are just the begin-of the most stringent controls ning. Still, the requirement of 250

**Our Eurobanking Services** 

Luxembourg

We are the wholly-owned subsidiary in Luxembourg of Badische Kommunale

Landesbank, a leading German bank headquartered in Mannheim. Our Euro-

banking services include

**Syndicated Euroloans** 

**BADISCHE** 

KOMMUNALE LANDESBANK

INTERNATIONAL S.A.

25c Bd. Royal P.O Box 626 Luxembourg-Ville Tel.: 475144

Telephone: 475315 (Dealers) · Telex: 1791, 1792 (Dealers), 1793 (Credits)

In line with prevalent market condi-

tions and specific client needs, we

manage or participate in selective

international loans arranged either on

a fixed-interest basis or as a roll-over

credit facility for borrowers requiring

a flexible choice of currencies or ma-

Complementing our diversified Euro-

credit capabilities in Luxempourg, we

are also active in money market and

discourage any amateur attempts.

Beyond that, any bank proposing million Luxembourg francs (\$7.9 to set up office in Luxembourg million) for initial capital (60 percent of which must be paid in) and conversation with the banking sponsorship of two Luxembourg commissioner about what its intenbanks is already enough to tions are. These conversations in-

clude a relatively comprehensive examination of the background of the bank and the personnel who will be involved in the Luxembourg operation. There is no banking if cense as such, but (one of those unwritten rules) the commissioner traditionally has the last word in deciding whether the banking institution is given the required commercial license.

We have never considered al-

lowing 'brass plate' banking," said Pierre Jaans, Luxembourg's banking commissioner. "It's not good for the reputation of the country or the European Economic Commun ty-or good for Luxembourg from the business point of view."

The Grand Duchy wants banks

that are serious about doing busi-ness, Mr. Jaans said. "We are a bit anzious to keep the list of banks limited to names that are well

#### Some Rejection

The Commissariat has rejected some applications, but most undesirable ones are headed off before formal application.

"Pragmatic" and "flexible" are the two words most commonly used to describe banking supervision in Luxembourg, both by the supervisors and the supervised. But, both sides are quick to add, this relatively unregimented control does not indicate laxity, and the word "tough" occurs almost as frequently as the other two in discussions of supervision here.

"They do it in a nice way-but they mean business," commented one foreign banker who recently arrived. "If you're a little overdue with the monthly report, the phone will ring and somebody will politely tell you the forms were due two

days ago, please get them in."
The philosophy of banking supervision in the Grand Duchy is fairly well articulated in the review of the commissariat's operations, published on its 30th anniversary in 1975: "The commissioner's great responsibilities have without any doubt been gradually adapted to the necessities due to the development of Luxembourg as a financial center to meet the requirements of the protection of national and international savings and to guarantee a harmonious operating of financial markets. The answer to



these objectives has always been essentially pragmatic, leaving all possible freedom to private initiative. but strictly enforced all necessary controls in accordance with the professional sector."

#### **Economic Magistrature**

Established in 1945 as a normal supervisory agency, the Commis-sariat has expanded its powers and duties to become what is sometimes called an "economic magistrature." 1965 law significantly widened the agency's control over banks, granting it for the first time the power to set solvency and liquidity ratios. This type of authority, akin that of a central bank, was deemed necessary because some newcomers from abroad took "too

formal" an approach and needed qualifications include a 10-year more rules on paper.

But this did not change the basically personal approach of supervision. Mr. Jaans emphasized. talk to the banks and try to find reasonable arrangements on a purely voluntary basis.

He cited the recent informal agreement to include the general manager of the Luxembourg opera-tion on the unit's supervisory board; often the board consisted of just top executives from the parent hank. Linked to this is the gradual adjustment of fiscal years to coincide with the fiscal year of the parent bank. "These small steps will help us to have fewer problems in credibility," he said. Mr. Jaans, 42, has held the post

when it chooses since the beginning of last year. His

Jaans said, "but any quesdons i can answer with lightes, so

Luxembourg officials (and b' ers themselves) proudly call as kitis tion to the fact that creditors o Herstatt unit here were reimbo in full. Domestic creditors of Cologne parent bank, whose collapse due to foreign exch stion tested the credibili the international banking sys

The Hersiatt collapse has a national authorities, particul the Germans, nervous about national activity of the banks things have changed quite fu-mentally since then." Mr. J. said. "Dealers then weren't su the way the market moves. I members, who often had no fo exchange experience, were hilk their dealers." No more, said Janus, noting that everyone is more sophisticated about for more sophisticated according exchange trading including exchange trading including exchange losses still occur, bu ways in proportion to a y profit," he said.

#### —Banking Fast Action

When rumors spread at the of the year that Dresdner Bank its Luxembourg unit had suf heavy losses in the Forex my. Mr. Jaans acted fast in cooper with the German banking an ties in Berlin to check it out.

"You can't ignore rumors." that." he said. "I felt from the that they were unjustified beca-had been watching foreignchange positions very closely. examination of Dresdner B-books in Frankfurt and Lu-

bourg showed everything in on Mr. Jaans said he normally reports on foreign exchange tions once a month. The mortive banks submit reports on day basis. Here again, it's much a matter of percontact," he said. "There's an tude of positive collaboration.

As in the case of squelchir Dresdner Bank rumor, Mr. sees no difficulty in coope

(Continued on next page)

# **HYPOBANK** INTERNATIONAL S.A.

foreign exchange dealing, as well as

To find out more about our Eurobank-

Dr K Krappe - Managing Director,

L Ottaviani – Money market and for-

fixed-interest security trading.

ing services just contact:

Syndicated Euroloans:

eign exchange dealing;

Dr. H. Braun – Security trading



### **Euromarket specialists** in Luxembourg

HYPOBANK INTERNATIONAL S.A. is a wholly-owned subsidiary of Bayerische Hypotheken- und Wechsel-Bank (Hypo-Bank) in Munich, West Germany's oldest publicly-owned bank and one of its largest with total assets of more than DM 53 billion.

Operating in Luxembourg since 1972, we are engaged in all major Euro-currency activities. Our capabilities include international financings through short and medium term loans, foreign exchange dealing, money market transactions, import-export financing, and securities trading.

The Bank's diversified operations are facilitated by its own internally developed, fully integrated data processing system – SEBIOS.

Over the past five years, we have consistently strengthened our market position. Total assets in 1977 reached Lfrs. 41 billion as compared with Lfrs. 32 billion in 1976, Lfrs. 29 billion in 1975, Lfrs. 17.6 billion in 1974, and Lfrs. 15.6 billion in 1973. Capital and reserves exceed Lfrs. 1.3 billion.

37, bd du Prince Henri Case postale 453 Telephone: 4775-1.

Telex: 1505 hypob lu, INTE



'Much of the

supervision

consists of

informal

communication.

Commissioner

Pierre Jaans.

stint at Deutsche Bundesbank in

Frankfurt, and he has already es-

tablished a reputation for intelli-

ing community.

gence and competence in the bank-

Informal Communication

consists of informal communica-

tion. This enables us to give a more

basic orientation and simplifies the actual supervision," Mr. Jaans said.

of formal supervision in the form

of monthly reports from the banks

and even more comprehensive

quarterly reports. The Commissari-

at has the right to examine the

books of the banks themselves

"We don't have the statistical ap-

But he also noted the existence

"Much of the supervision here

1977 was another record year fo Nikko, with operating income and net income after taxes being ¥48,856 million (US\$184.05 million) and ¥24,211 million (US\$91.21 million) respectively. Net income per share

increased to ¥30.03, despite the prolonged economic recession in Japan and abroad.

The financial position of Nikko, a leading investment

strengthened, and operating efficiency improved. As shown in the following statement, stockholders' equity, the most important base for Nikko's future growth, increased 18% over last year to ¥138,294 million (US\$520.98 million).

banking firm in Japan was further

Annual dividend has been increased by ¥1.00 to ¥6.00 per share.

### Statement of Income

Year ended September 30

		A.4 111 14111114414
	1977	1976
Revenue		
Commissions	¥91,620	¥80,390
Interest and dividend income	14,943	13,280
Profit on sale of securities	18,983	13,159
Gross revenue	125,546	106,829
Operating Expenses		
Selling, general and		
administrative expenses	74,071	63,271
Interest expenses	2,619	3,266
Gross operating expenses .	76,690	66,537
Operating Income	48,856	40,292
Non-operating income (expenses)	542(253)	477(192)
Income before extraordinary items	49,127	40,577
Extraordinary gains (losses)	734	(5,672)
Net income before income taxes	49,861	34,905
Provisions for income taxes	25,650	17,750
Net income	24,211	17,155
•		

### **Balance Sheet Data**

	As of Septembe	r 30		
	•	· Yer		
		1977	1976	
	Assets			
i	Current Assets			
ļ	· Cash on hand and			
	in banks	¥39,177	¥39,388	
. !	Short-term loans	25,025	44,151	
i	Securities owned	61,977	38,418	
	Securities held as collateral	100,106	74,979	
ì	Other current assets	122,532	84,905	
į	Total current assets	348.817	281,841	
٠į	Fixed Assets 1	44,272	41,441	
1	Total Assets	339,089	323,282	
	Liabilities & Stockholders' Equity			
Į	Liabilities	•		
I	Current liabilities	232,209 '	182,867	
1	<ul> <li>Long-term liabilities</li> </ul>	13,131	12,368	
٠;	Reserves ·	9.455	10.877	
ŀ	Total liabilities	254,795	206,112	
١	Stockholders' Equity	1		
1	Common stock	40,313	36,648	
-	Capital surplus	10.340	14,005	
i	Earned surplus	63,430	49,362	
Ì	<u> </u>	,		

24,211

138,294

393,089

117,170

323,282

Other stockholders' equity

Total stockholders' equity

Total Irabilities and

stockholders' equity

Overseas Representative Offices: Zurich, Paris, Beirut

Overseas Subsidiaries: The Nikko Securities Co., (Europe) Ltd.: London The Nikko Securities Co., Deutschland) GmbH: Frankfurt



# "...It Is Done in a Nice Way—But They Mean Business."

 $\frac{p}{r}$  (Continued from preceding page) with German supervisory authorities in special instances, given the danger that things are going wrong ould go wrong.

Banking Secrecy

But the Luxembourg banking bout the question of jurisdiction in routine supervision of banking mits here. "We have our law and a strong tradition of banking secrenxembourg banks can be given out in any reasonable aggregate, he said, but not to the extent of individual accounts.

Regarding the much-publicized sions of concern in Germany about the foreign activities of German banks, Mr. Jaans pointed out that some of the discussion had become confused.
"The general aspect of the parent

bank supplying information about its subsidiaries is a German prob-lem that needs to be solved there." Mr. Jaans said. Some people thought that it would depend on the Luxembourg Banking Commissioner. The discussion was on the wrong rail—I helped get it started in the right direction." And so representatives from the German (parent) banks are carrying on discus-sions with the Federal Supervisory Office for Credit Institutes (in Berlin), the Finance Ministry and the Bundesbank about achieving greater transparency in the banks international operations.

-Banking

Mississier.

rr Jams.

Act & Court of

246 1254

Mik Ming

والراز والمطال

ce Sheet Data

#### Certain Cooperation

Luxembourg Finance Minister factures Poos said the German authorities in Berlin and the Luxembourg Banking Commissariat had agreed to a "certain cooperation" which would allow the German agency to get "global figures" on the German subsidiary's operations, but through the parent bank.

"In my opinion, the fears that are sometimes expressed in German circles—that the risk in Luxembourg is greater than in Germany and that eventually these risky operations will involve the parent bank in problems—are unfounded. In my opinion, the danger doesn't exist," Mr. Poos said.

"The controls in Luxembourg-

'The controls in Luxembourg... are very effective. They have kept us from any great . financial

scandal.

–Finance Minister Jacques Poos

by neighboring countries.

"You read attacks here and there sed not so much as elsewhere on against Luxembourg, but these



many-have greatly improved in recent years, especially this year." Pierre Werner, who authored the

legal texts and regulations, but op- aren't at such a high political level; bill establishing the Banking Comerating on a more cooperative more likely they are from certain missariat and served for more than basis—nonetheless are very effect functionaries or administrative 20 years as Luxembourg's finance tive. They have kept us until now from any great financial scandal."

On the political side, our relationships—both with Belgium and Gerup to be very flexible, "he said. "Nothing is definite or settled. Over the years, the place has shown its flexi-bility."

The 1965 law toughening super-vision is given as an example of Luxembourg's adaptive ability. The law introduced the two main structural regulations governing Luxembourg today—the solvency and li-quidity ratios. The solvency ratio specifies that "own resources" (paid-in capital, equity reserves general contingency reserves, un-distributed profits and, to a certain extent, subordinated loans) should constitute 3 percent of aggregate li-abilities (excluding fiduciary accounts and contigent accounts). The liquidity ratio requires current assets to remain at 30 percent of liabilities. (A third ratio, that own resources must cover fixed assets. does not constitute a significant limitation for Eurobanks.)

#### Adaptive Ability

The solvency ratio especially accounts for the dizzying capital boosts routinely reported for Lux-embourg bank subsidiaries, particularly German, as the parent bank fuels the unit's expansion.

Mr. Jaans said that the current aggregate solvency ratio is 3.8 percent, above the minimum, Morever, the accounting to determine the ratios is conservative, he said.

"I have no big concerns," said Mr. Jaans when asked about the situation of Luxembourg banks. Pressed, he conceded that the lowering of margins on Eurocredits "something which is annoying

"It affects profitability," Jaans said. This brings a concentration of business, because bigger banks seek to expand their earning capacity by landing the manage ment fee—and then margins go lower. "There's not much room left for risk in the margins," he said.

#### **Euromarket Growth**

Growth of the Euromarket will depend on the domestic monetary policy of the countries whose currencies are involved and the business policy of the banks, Mr. Jaans said-but that did not really concern him. "The less business, the less source of potential trouble," he remarked with irony.

The expansion in Luxembourg has been in line with that of the noted. He expected, however, that new arrivals would taper off. New banks this year probably would number four or five. Last year they питььетей 10.

"There won't be many more German banks coming here," he said, noting that most of the big ones were already in Luxembourg and the small banks don't really need to come here

Mr. Jaans added that most of t new banks are coming from Sca dinavia and Italy. There's n much point for British banks come here," he said, "but the pos-bility is not entirely excluded."

### Our Eurobanking Services

# Luxembourg

We are the wholly-owned subsidiary in Luxembourg of Badische Kommunale Landesbank, a leading German bank headquartered in Mannheim. Our Eurobanking services include dealing in the

### **Money Market** and Foreign Exchange

Our Euro-specialists have the proven ability to deal successfully in the money markets both on an inter-bank and institutional basis - and the skill to provide effective foreign exchange cover for clients active in international

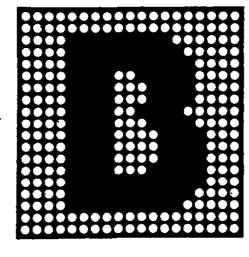
Complementing our money markets and foreign exchange operations, we manage or participate in fixed-interest

or roll-over syndicated Euroloans; and we trade in fixed-interest securities. To lind out more about our Eurobanking services just contact:

- Dr. K. Krappe Managing Director, Syndicated Euroloans;
- L. Ottaviani Money market and foreign exchange dealing:
- Dr. H. Braun Security trading

### BADISCHE KOMMUNALE LANDESBANK INTERNATIONAL S.A.

25c Bd. Royal P.O. Box 626 Luxembourg-Ville Tet., 475144 Telephone, 475315 (Dealers) Telex: 1791, 1792 (Dealers), 1793 (Credits)



# The BNP Group on all five continents

To trade with France and the World BNP Group offers you

- \_ its national network of over 2,000 Branches
- \_ its international network extending over 65 countries

# In Luxembourg:

### Banque Commerciale SA

24, boulevard Royal, LUXEMBOURG Tel. 47641 \_ Telex 3447 et 2228

In addition to its activity as a commercial bank, our partly owned subsidiary specializes in Dealings in all major Euro-currencies International financing operations including: Syndication and management of short and

medium term Euro-currency loans. Eurobonds, primary and secondary markets Setting up and running of financial corporations.

### In FRANCE:

### BANQUE NATIONALE DE PARIS

Head Office: 16, Boulevard des Italiens 75009 Paris Tel. (1) 244.45.46. Telex: 280 605

### Luxembourg an important centre for international banking

The Euromarkets provide flexible means of financing to Trade, Industry and State entities. From Luxembourg, we offer our clients access to the international money and capital markets.

Our experience in all sectors of Euro-financing, particularly with short- and longer-term loans in the major currencies as well as in deposit dealing and DM-bond trading, will help you carry out your projects.

During over seven years of sustained growth we reached a

 loan volume of around US\$ 4.5 billion.

### Based on

net worth (capital and reserves) of about US\$ 150 million

we have attained

 total assets of approximately US\$ 6 billion.



### Compagnie Financière de la Deutsche Bank AG

25, Boulevard Royal · Luxembourg Telephone: 464411 · Telex 2748

- a wholly-owned subsidiary of Deutsche Bank AG, Frankfurt/Main

### Banque Nordeurope S.A.

### Your Partner for Euro-Finance in the Nordic Countries

#### Shareholders.

Fællesbanken for Danmarks Sparekasser A/S Copenhagen Union Bank of Norway Ltd . Oslo Sparbankernas Bank AB, Stockholm Saastopankkien Keskus-Osake-Pankki (SKOP), Helsinki

Girozentrale und Bank der Osterreichischen Sparkassen A.G., Vienna WestLB International S A . Luxembourg

### Banque Nordeurope S. A.

31. Grand-rue, Luxembourg Telephone 27696 Telex 1771

A new name for new contacts. in Euro-Banking

Un nouveau nom pour de nouveaux contacts dans l'Euro-Banking

> Ein neuer Name für neue Kontakte im Euro-Banking



Landesbank Rheinland-Pfalz und Saar International S.A. Luxembourg

5.5 mater 11 sets Lauter Codine (84) process only Transfer of 47 50,93% benegations Assumed 47 54 80 forces 18 short and benefit for the process of some further.



## West Germans Are Dominant Among Foreign Banks

UXEMBOURG (IHT)—When thorities about the activity of Gernervous foreign exchange and man banks in the neighboring distribution of the man banks in the neighboring distribution. nervous foreign exchange and gold markets produced a rumor at the turn of the year that the Dresdner Bank group had suffered large losses in its trading activities. the hank moved very fast to ca-tegorically deny the speculation. It also took the unusual step of

getting an explicit certification from supervisory authorities in Germany and Luxembourg that its money and gold dealings were in order and profitable.

"We were so sensitive because rumors of this type are generally reliable," Volker Burghagen, one of the two managing directors of Dresdner Bank's Luxembourg unit. said in an interview.

That the rumor gained any cur-rency at all reflected the market's nervousness in the midst of the dollar crisis. That it so quickly focused on Luxembourg goes back to the growing concern of German au-

The reason for the worry is that these operations have gotten to be

so big.

Dresdner Bank reported last month that its Luxembourg unit, Cie. Luxembourgeoise de la Dresdner Bank AG-Dresdner Bank International (CLB), had a balance-sheet volume equivalent to 14.8 billion marks (\$7.2 billion) at the close of its fiscal year. March

This represents almost 24 percent of the parent bank's assets (62 billion marks). It makes CLB the largest bank in Luxembourg with assets of about 230 Luxembourg francs-compared to about 100 billion francs for Caisse d'Epargne de l'Etat, the largest of the domestic

#### Twice as Big

Dresdner Bank's Luxembourg unit thus is twice as big-in terms of balance-sheet volume—as Ber-liner Handels- und Frankfurter Bank (BHF-Bank), a not insignifi-cant Frankfurt Bank, BHF-Bank International, in turn, reported assets at the end of 1977 of 36.8 billion francs (2.4 billion marks), or a good third of the parent bank's balance sheet, which totaled 7 billion marks at the end of 1977. (It should be noted that BHF-Bank holds 86 percent of the Luxembourg unit as of Jan. 1, 1978, against 60 percent last year.)

The growth of the German banking units to these dimensions was not quite overnight—but almost. CLB's fiscal 1978 volume is more than 80 times that reported at the close of the first business year on March 31, 1968. More illustrative. it is more than twice the balancesheet volume reported at the end of fiscal 1975.

For sheer competitive reasons large German banks have found it practically imperative to set up shop in Luxembourg. Five new German-bank subsidiaries were established in the Grand Duchy last year, and there has been an official opening of business for new German units almost every other

month this year. In March, DG Bank International started up operations. Detlef R. Baumert, managing director of the new bank, explained that DG Bank Deutsche Genossenschaftsbank. the central bank for Germany's thick net of cooperative banks, felt "underrepresented" in the Luxembourg center. Its participation had hank would reduce its holding in the joint venture to 10 percent and start its own Luxembourg operation (BHF-Bank likewise has a 10percent share in DG Bank Interna-

### 'Europalette'

"We simply needed to be able to offer a full 'Europalette' to the medium-sized corporate customers

For sheer competitive reasons, large German banks have found it

practically imperative to set up shop in Luxembourg. Five new Ger-

man bank subsidiaries were established in the Grand Ducky last

year, and there has been an official opening of business for new

German units almost every other month this year.

of cooperative banking sector in Germany," Mr. Baumert said. One of the major "Euroservices"

offered by the German banks is deutsche-mark credits as much as a half-point cheaper than those available domestically. The lack of minimum reserve requirements in the Grand Duchy gives the banking units here more money to lend out. and makes the rates correspondingly lower, at least as long as liquidity is high. It has been high in the past months, and one German banker estimated that one-third of the credit volume for German units here represented lending to corporate customers at home.

Of course, the Luxembourg unit is for DG Bank an important component of its international expansion. Mr. Baumert said the concentration would be in medium and long-term credit activity, especially

consortium credits. The DG Bank unit is the 22nd German banking subsidiary established in Luxembourg and the 92nd bank overall. It was preceded in January by Landesbank Rhein-land-Pfalz und Saar-International S.A., a venture owned 75 percent by the central savings institution in the Rhineland Platinate and 25 percent by the Landesbank Saar. These two Landesbanks, like the Badische Kommunale Landesbank-Girozentrale last year, followed the example of the giant Landesbanks. Westdeutsche (WestLB) and Bayerische (BayLaBa) in making available to regional savings bank customers the benefits of international monetary afforded in Luxembourg.

### German Eurocenter

Luxembourg is rightly known as the German Eurocenter. The Gerbeen confined to a 36-percent share man bank subsidiaries account for in the BHF-Bank unit (called BHF- more than 50 percent of the interwas announced last year that DG Luxembourg as a Eurocenter at all results from German initiative.

Dresdner Bank was the first on the scene. It opened the Compagnie Luxembourgeoise de Banque on July 3, 1967. The name alone indicates just how tentative was this first gingerly step abroad.
"We didn't know what our recep-

tion would be among the older gen-eration here," said CLB's Mr. Burghagen, commenting on the absence of any trace of the unit's ownership in its name. "We figuredon everything-only nothing

Mr. Burghagen said all of the Big Three German banks were contem-

manding times of the postwar re-construction were past, the growing economic weight of West Germany and its currency provided a certain outward push, and the new-born Euromarket was giving hints of its

But the first move was very cautious. "Luxembourg was seen not as the place with the best chances. but the place with the least risk." remarked Mr. Burghagen.

Luxembourg was cheaper than London and there was no language barrier (although French is the official language of the Grand Duchy, the workaday spoken language is a dialect of German). Also, its proximity to Frankfurt made it easy for the head office to keep a close watch on operations.

"London would have been not only costly, but spectacular," re-calls Ulrich Damm, managing director of Commerzbank International, "One could very easily pull out of Luxembourg.'

#### Suspicion

The Euromarket was regarded with a good deal of suspicion by German bankers then. Assignment to the young Luxembourg subsidiaries was regarded in some circles as tantamount to banishment. "I was asked how it felt to be put into cold storage," reminisces one longterm German hanker here. "It was thought that the banks here would be run by the head office, that the competence of directors here would he extremely limited." But this attitude took into ac-

count neither the aggressive initiative of the Luxembourg directors nor the rapid growth of the Euromarket and with it Luxembourg operations. Luxembourg quickly became a highly lucrative profit center and this gave the local man-ager greater weight. The wholesale nature of the money market and credit business in Luxembourg makes it possible to operate with a relatively small staff-50-70 among the larger banks, but more normally just 20 or fewer.

profitable decisions Dresdner Bank ever made," commented CLB's Mr. Burghagen. With high liquidity and slack corporate demand for funds at home, German banks have received an increasing portion of their earnings from international business—exceeding one-third at the Big Three banks—and the Luxembourg operation has become the biggest source of foreign earnings

for most of them.

"It was one of the best and most

Just how each bank goes about making all this money varies ac-cording to the role the Luxembourg unit plays in the expanded global operations of the big German

#### Syndication Unit

"In the first years, we did everything in Luxembourg," explained Ekkehard Storck, managing director of Cie. Financiere de la Deutsche Bank AG (CFDB). "Now we have a policy of doing international commercial business in the countries themselves. Luxembourg has become the syndication unitspecializing in medium and longterm loans

Data from the Dresdner Bank unit CLB, on the other hand, indicates a heavier engagement in interest arbitrage, although Mr. Burghagen said the possibilities for interest arbitrage lessened considerably in the second half of alendar 1977.-

Hans-Peter Saettele, director of WestLB International, said the Luxembourg unit of Westdeutsche Landeshank tends more toward credit business. The report for fis-cal 1977 (ending Sept. 30) shows about two-third of total assets as credits. Commerzbank International (end-1976) reported credit volume equal to about half of assets. Hans-Juergen Schneller, director of tional (Bayerniux), breaks down the business of the Bavarian bank unit as 40 percent credit, 40 percent money market, and 10-15 percent securities and gold trading.

The heads of the German bank subsidiaries make it clear that the units are more than "booking centers"-to use American banking jargon for offshore centers. "The contacts often are made in the head by the bank here," commented one on Luxembourg's "road to emand German hanker. Also, he added, a number of Eurocredits, sometimes reaching 200 million marks, are syndicated wholly in Luxembourg and never publicized.

### A Truism

It is, of course, a truism to say that the German activity in Luxembourg makes it the Euro-DM cen-ter. But German bankers counter that the mark has never dominated the Luxembourg market to the extent normally presumed. The deutsche mark proportion of activity has never exceeded 50 percent,

its peak in the last trimester of 1975—that is, until the dollar cisis late last year

According to the statistics cim-piled by the Luxembourg Banking Commissariat, drutsche marks to counted for 47.2 percent of Euromarket activity in the trimeser ending December 1975, compated with 43.6 percent for the U.S. dilar. The dollar share increased to 45.1 percent by September 1997 surpussing the mark share, whan slipped to 44.9 percent. (In Deceber 1977, though, the mark we back up to 46.5 percent and te dollar down to 44.7 percent.)

One banker points out that Ge-man banks increased their busines abroad in this period, and so is creased their activities in dollarsthus the trend in Luxerabourg despite the growing value and impor-tance of the mark.

Mr Storck of Deutsche Bank und CFDB concedes that competition for the German banks in Luxembourg is weak, especially as the American banks have cut down their Luxembourg activities in the past few years.

"This is much to our regret," comments Mr. Storck. "The dollar component should be stronger. There's too much rehance on the deutsche mark."

#### New Ideas

And so the Germans have welcomed newcomers from other nations, like the Swiss and the Scandinavians. "Each new bank brings new ideas, new currencies and new possibilities," commented one German banker.

Other foreign bankers appreciate the openness of the Luxembourg banking center, but there is no getting around the dominance of the Germans and very little likelihood that that will change, they say,

By virtue of their size and expertise, the German units are likely to be in the forefront exploiting the possibilities opened up by the proposed revisions in Luxembourg taxes. Meanwhile, the German units have already been quite innovative.

Last month, for instance, CFDB Bayerische Landeshank Interna- and the Luxembourg unit of Badische Kommunale Landesbank imanaged a Euromark credit for the Bulgarian foreign trade bank. For the first time the variable interest rate was pegged to the Luxembourg Interbank Offering Rate instead of the traditional tie to the six-month quote of the London Interbank Offering Rate (LIBOR). The new mechanism was dubbed Luxibor and hailed by the Franklurter pation" as a Eurocenter.

Last year, both the Dresdner Bank and Deutsche Bank units secured some long-term refinancing by offering debentures linked to the equity of the parent bank. CLB raised 395 million marks through a six-year bond offered on a rights basis to Dresdner Bank shareholders and convertible to Dresdner Bank shares. CFDB raised \$125 million through a bond carrying warrants for the purchase of Deutsche Bank shares. Just last month. CFDB went to tap the Euromark capital market again, in a more traditional manner, with a 200 million-mark note offering.



# International Resources and Finance Bank S.A.

A bank established with the specific aim to assist in the development of the Middle East and Africa.

Through our head office in Luxembourg and our office in London we can offer financial services to provide:

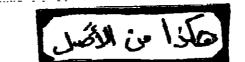
**Commercial Banking** Investment Portfolio Management **Project Finance and Resource Packaging** 



International Resources and Finance Bank S.A.

18 Finsbury Circus, London EC2M 7BP Telex: 888162 RESFIN-G Telephone 01-638 3611

in indhon US \$ **Balance Sheet Total** Financial .2.439 Highlights as per September 30, 1977 Loans and advances to customers Securities WestLB International S.A. 47. Boulevard Royal Amounts due to banks 2.134 P.O.Box 420 Luxembourg Current deposits and other accounts Telephone: 45493 Affiliate of Share capital fully paid Westdeutsche Landesbank Girozentrale, Reserves after allocation of profit Düsseldorf/Münster Profit





### W. German Banks Walking a Supervisory Tightrope

RANKFURT (IHT)—German banks and supervisory authorities are expected to come to a "gentleman's agreement" soon on the best way to make the international activity of the banks more

The talks underway now were preceded by a public discussion most often centered on German bank activity in Luxembourg. which represents the main concen-tration of German bank activity outside the country and for most German banks the main international engagement. Still, German authorities are quick to emphasize that the concern extends well beyond Luxembourg and embraces all of German bank activity

The public discussion has been further confused because the question of bank supervision has been mixed up with the conflicts between domestic monetary policy and the Euromarket. The Eurodeutsche mark activities in neighboring Luxembourg can create problems for the German central bank in its efforts to control money

supply and direct interest rates. Claus Kohler, a director at the Bundesbank in Frankfurt, emphasizes that the two issues are distinct. "We have always supported free flow of capital, and we will keep to that." Mr. Kohler said in an interview. "It has made it in-creasingly difficult to implement national monetary policy, but that's the price we pay consciously," he added, reiterating a point he made in the Bundesbank's monthly report for March.

#### **Shared Problems**

Bank supervision is something else again. Mr. Kohler noted that this is a problem German authorities share with other countries in face of the rapid expansion of international markets.

The question is, how can bank analysis match this expansion?" he said. That question is agitating the minds of experts in the Bundesbank and at the Finance Ministry

The public discussion has been further confused because the ques-

tion of bank supervision has been mixed up with the conflicts between

domestic monetary policy and the Euromarket. The Eurodeutsche ated and sometimes misleading A report in the Frankfuster

mark activities in neighboring Luxembourg can create problems for

the German central bank in its efforts to control money supply and

direct interest rates.

clude some provision for keeping track of the banks' international

But the revision will not come in this legislative period (through 1980), and so the talks for an interim solution on an informal basis. The participants clam up, though, about the actual content of the

talks. Both Mr. Kohler and Manfred Lahnstein, state secretary in the federal Finance Ministry, declined to comment on the exact substance of the talks. Inge Lore Bahre, president of the Federal Supervisory Office for Credit Institutes in Berlin, declines interviews on the subject altogether.

F. Wilhelm Christians, one of two chief executives at Deutsche Bank and president of the Federal Association of German Banks, said seeking information on the loans in the international market—their

Credit Law (KWG), which limits from the 1) billion-mark (\$5.4 bil-

banking law in Germany will in- credit volume to a multiple of

**Evading Regulations** 

The business volume of (the for-eign) banking subsidiaries has grown so much recently that the profitability and creditworthiness of the parent bank is noticeably affected, wrote Mr. Kohler last January in Zeitschrift für das Gesamte Kreditwesen, "The concern here is that these legally autonomous foreign subsidiaries do not have to hold to the norms of the KWG (credit law)...The temptation is great for German credit institutes with foreign subsidiaries to transfer a part of their credit business abroad and so evade the

regulations of the KWG. Mr. Kohler notes in the same article that the balance-sheet volume the supervisory authorities are of German banking subsidiaries in Luxembourg has come to represent individual banks have outstanding. 14 percent of that of the parent banks, or the equivalent of 63 bilamounts, the borrowers and the hon marks (\$30.7 billion). The Bun-maturities—to get a total picture of desbank March report notes that the bank's exposure, whether direct or through a foreign subsidiary.

since the beginning of 1975, due to slack credit demand at home, for-The worry of German authorities eign long-term claims (credits) of is that the banks transfer much of the banks have tripled, to 55 billion this loan business to foreign subsid-marks (\$26.8 billion). That much of raries (primarily Luxembourg) to this flows through the Euromarket in Bonn. The government has made evade restrictions of the German (to unknown destinations) is clear

tion) in claims to Belgium-Luxemhourg, Great Britain (London) and Switzerland (Zurich)-the three

What worries the banks is not so much the request for information in itself ("We have nothing to hide," comments the general manager of a large German subsidiary in Luxembourg), but the possible types of controls that might follow disclosure. The question is a thorny one, and touches the fundamentals of bank supervision.

#### **Everyone's Problem**

the Bundesbank's Mr. Kohler said. 'We don't want to reach into other countries. A final solution can only come in cooperation with other important countries, but it is in the interests of authorities everywhere and the credit institutes themselves." Mr. Kohler mentioned the planned harmonization of banking law in the EEC in this

In the meantime, though the Berlin supervisory authorities will press for greater transparency. "We need the minimum of information about German banking activities outside the country." State Secre-

The government official is quick to downplay any tension or misunderstanding between Bonn and Luxembourg, though, "In reality there's no jension," Mr. Lahnstein ilgemeine Zeitung last October. Angemente Zentug tast October, for instance, speculating that Luxembourg's proposals to ease taxes on the banks would make the Grand Duchy attractive for private foreign investors, aroused some confusion in Bonn. Hans Apel, who was at that time Finance Minister. asked the European Commission to investigate the proposed measures to ascertain they were in accor-dance with EEC treaties.

#### Confident

"We are quite confident about Luxembourg legislation," Mr. Lahnstein said: referring to the general provision for bank supervision. "They are provided with a very good legislation." While declining to comment on the "pending discussion" concerning greater transparency of German banking units in Luxembourg. Mr. Lannstem said the Berlin agency is "perfeetly aware that its authority is limited to German territory

As to the monetary side of German bank engagement in the Euromarket-the internationalization of the deutsche mark—Mr. Lahnstein commented, "The current propor-tion (of the DM in the Euromarket) is no problem. But you can't establish a ratio between economic capacity and currency role with any great precision." He added that it would be impossible to establish a theoretical limit-the development just requires constant attention.

The two key things to watch, Mr. Lahnstein said, "are the creditgenerating capacities—including he international activities—and the pattern of currencies used in ex-

### The Bank for All Reasons

Corporate Financing. IBJ is Japan's oldest and largest long-term credit bank. With extensive experience in meeting corporate financial requirements through arranging bond issues and offering precisely tailored loan packages.

Main Bank to Japan's Key Industries. IB] is main bank to more of Japan's industrial leaders than any other bank in the country. And because we are independent of any industrial group we can offer you complete flexibility in your dealings with these industries.

US\$35 Billion in Assets. As our size indicates you can expect uncommon organizational efficiency and security in your dealings with IBJ.

In-Depth Expertise. Our years of experience as Japan's leading corporate finance bank provides us with the analytical skills and foresight you require to deal efficiently on world markets.

Project Financing. IBJ has been financing industrial projects since 1902. We are Japan's most experienced bank in overseas project financing.

Your Resourceful Bank

# Foreign Banks: Europeans Stepping Up

(Continued from Page 1)

represented by the growth of banking units

Whatever is good for Luxemhourg is good for us." said Rene Puttemans, managing director of Banque de Paris et des Pays-Bas pour le Grand-Duche de Luxemhourg. "The new arrivals strengthen Luxembourg as a financial center. Besides, most bring in their OWN CUSTOMERS.

Mr. Putternans noted that it was the Belgian and French banks which got the ball rolling in Luxembourg, and the arrival afterwards of the Germans added to the momentum.

But the balance sheet of Paribas Luxembourg, which was established in 1964, indicates the difference between the banking groups before and after the establishment of the Euromarket. The Paribas Luxembourg unit does the whole gamut of retail and wholesale banking, in contrast to the exclusively wholesale activities of most Eurobanks. Almost half of its balance sheet volume (20 billion Luxembourg france-\$635 million—at the end of 1970) is held in Belgian-Luxem-bourg france and the rest in foreign currency. Paribas, in fact, is to all intents and purposes as much a Belgian hank as a French bank. and the Luxembourg subsidiary is almost as "domestic" as Banque

While most of the German banks who would

come to Luxembourg are already here, the

banking community hopes for more out of the

Scandinavian countries. Austrian banks also

might eventually come here. Unlikely as it

seems, there is still a faint hope that a British

or Dutch bank might open up here.

Generale or Kredierbank Luxembourgeoise.

Many of the foreign banks in Luxembourg are not really serious about Euromarket operations here Like most of the Americans, they are either maintaining a presence Japan (Deutschland) AG in Frank- market fluid.

or fulfilling some special function. Yuji Watanabe, managing director of the Industrial Bank of Japan (Luxembourg) S.A., pointed out that IBJ's Luxembourg unit is a moneybrokers play a significant subsidiary of the Industriebank von role in keeping the Luxembourg

urt. The Luxembourg unit was set up in 1972, at the time of capital restrictions in Germany, INJ Luxembourg has a relatively small balance sheet (4.5 billion Luxembourg francs-\$142 million). Other foreign hankers note that the Japanese have not played a very significant role in Euromarket activities here.

And so the disappointment about the disengagement of the Americans and the hopes awakened by the Swiss and Scandinavi-an activities. While most of the German banks who would come to Luxembourg are already here, the hanking community hopes for more out of the Scandinavian countries. Austrian banks also might eventually come here. Unlikely as it seems, there is still a faint hope that a British or Dutch bank might open

A footnote perhaps is the presence of several London money brokerage firms in Luxembourg. Mar-shalls became the fourth of the London firms to set up here, bringing the total number of brokerage firms to eight or nine. "We act purely as intermedianes between banks," explained Peter Davies, director of Marshalls (Luxembourg) S.A., contrasting the role of a bro-ker with that of a bank. Bankers like UBS's Mr. Kobel say the

# Some sound reasons to talk in Luxembourg.



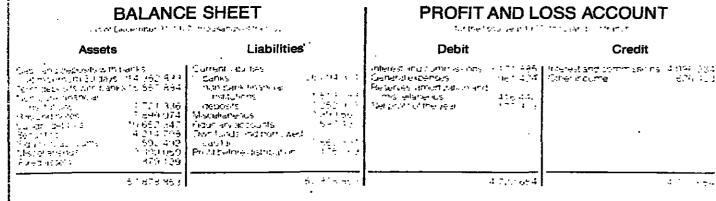
Commerzbank International S.A. is a subsidiary of Commerzbank, one of Germany's leading financial institutions, and was among the very first subsidiaries to be established by German banks in Luxembourg.

Commerzbank International S.A. handles all types of international financial business in all marketable Eurocurrencies. It specializes in the acceptance of time

and sight deposits and their placement in the international markets.

# KREDIETBANK S.A.

43 briulevard Roya, Eukempourg, fei 47971, Telei (3418, FIC Luxempourgin, Bib395



An itemized balance, sheet and profit and loss account, have been published in the Memorial-Reques Special des Societies et Associations of the Grand Duchy of Luxembourg

**Eurobonds and Syndicated Eurocurrency Credits 1970-1977** 1970 71 72 73 74

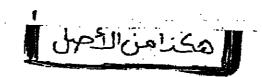
Commerzbank International S.A. also carries out all kinds of securities operations and foreign exchange dealings. Moreover, it offers short and medium-term credits and provides project-related import and export financing. It is likewise active in the underwriting and placing of Euroissues as well as dealing in them, with

particular emphasis on internationally traded DM denominated bonds.



Commerzbank International S. A., 11 Rue Notre Dame, P.O. Box 303, Lukembourg-Ville

International rights (1975) Fig. 2014 Crestably Franchist Main Foreign Branches, Brussels Chicago, London New York, Paris Tokyo Representative Offices and Euro-California Africage Amesembra Serut Brusses Buenos Aires Cairo Caracas Copenhagen Jakarta Johannesburg Lima London Madnd Manama (Behrain Managaria Masura New York Rio de Janeiro Rotterdam. São Paulo Singapore Sydney -Tehran Tokyo Windhoek



# BANK OF TOKYO we have 280 offices in 38 countries and we're still growing. We never close, In fact, we open 280 times a day. So there's always a place for you to Open 280 times been Japan's leading international bank short of a century. And you can't beat that

We have 280 offices in 38 countries and we're times a day. So there's always a place for you to take advantage of our expertise. After all, we've been Japan's leading international bank for pas-

Bank of Tokyo Travellers Cheques: Bank of Tokyo Travellers Cheques are the Bank in your pocket. Pick up on them now. Put them down anywhere, any time.



BANK OF TOKYO

HEAD OFFICE:

NETWORK IN EUROPE: BRANCH OFFICES

REPRESENTATIVE OFFICES

SUBSIDIARIES AND ASSOCIATED INSTITUTIONS

HEAD OFFICES

REPRESENTATIVE OFFICE

DGZ International in Luxembourg is a recognized

many's leading wholesale banks, the Frankfurt-based

Deutsche Girozentrale - Deutsche Kommunalbank -

(DGZ), the member institute on the federal level of the

Bank is a wholly-owned subsidiary of one of Ger-

German savings banks organization.

team of skilled and flexible Euromarket specialists. The



### London Is Competitive in the Battle for Eurobanking

▼ ONDON (IHT)—Ever since of the Eurocurrency market, two financial centers in particular have been feverously vying for the hon's share of the new international banking business. Luxembourg and London have each fought aggresthis day, the hattle rages on, al-though the grounds may be shift-

Luxembourg was, of course, a prime international venue. Centrally located, bordered by West Germany, France and Belgium, the Grand Duchy afforded easy access to continental bankers. West German and Belgian bankers, especial-ly, found Luxembourg an attractive spot because its generous tax laws and flexible corporate licensing regulations facilitated the establish-ment of banking subsidaries. As the Euromarket grew, so did Luxem-

bourg's banking roster.
Smaller U.S. banks, hoping to cash in on the lucrative Euromarket and seeking the accompanying prestige, took a hard and long look at Luxembourg and London as potential locations. Most large U.S. banks already had branches in London. But for smaller banks the congested and expensive City of London posed problems. Finding suitable office space at a reasonable price was a major obstacle—the pound was a very expensive currency back in the 1960s, in contrast to its plunge in 1975-76. Also, the cost of living in London was high in this inflation-prone country. Finally, London offices required a high level of manning. Regional U.S. hanks, therefore, left London to their larger brothers and opted instead for the conveniences of the Grand Duchy of Luxembourg.

#### Relatively Cheap

"Luxembourg was years ago a relatively cheap way to get into the Eurodollar market—cheaper than London," says Roger Sherman, senior resident officier in Europe for Continental Bank.

Regional U.S. banks found it possible to open operations in Lux-embourg, with generally only a ... The sterling's nose dive in 1975-76 put the City of London on a

more competitive international footing. And Britain began to draw

more and more international banking business, not only from U.S.

banks but also from West German institutions.

'I see no optimistic reason for an American bank wanting to be in

Luxembourg,' said one banker from a major U.S. concern with inter-

ests in both London and Luxembourg.

handful of people who handled mil-lions of dollars in foreign exchange. Eurobonds and portfolio manage-mark in the European joint currenment. Fees from currency exchanges, income from loan syndi-cations and sales to customers, security-holding fees and management charges were highly lucrative. income per employee including office costs was indeed very high in Luxembourg in comparison with international standards.

As the years went by, the importance of the Euromarket grew. It started in 1963 when U.S. authorities imposed the interest equalization tax and thus effectively stopped many foreigners from tapping the New York capital market. This led to the invention of the Eurobond and eventually to a \$500billion pool of capital held outside the United States. However, as the Euromarket grew, some U.S. banks found that they were outgrowing the smali Grand Duchy.

In January, for instance, Wells Fargo Bank announced that it was shifting much of the foreign exchange and money-market activities of its Luxembourg branch to its London offices to cut costs. Wells Fargo, based in San Francisco, esablished its Luxembourg branch in 1969 as its first major venture in Europe, as well as the first branch of a U.S. bank in the Grand Duchy.

#### The Decision

Wells Fargo said it moved "slow-ly and gradually" towards its deci-sion to consolidate its foreign exchange deposit trading and com-munications. "Our objective in consolidating such activities for Europe is to improve the coordinated support of all of Wells Fargo's facilities at the lowest effective cost. The relative cost of employee compensation was a determining factor between Luxembourg and London," said E. Alan Holroyde, senior vice president and head of the European division of Wells Far-

The main reason for shrinking Luxembourg operations. U.S. bankers in London explain, is the rising salary costs, which include legislated increases due to indexing. plus merit increases and things like the 13th month's extra pay each

"The past cost benefit of Luxembourg has been offset." Mr. Sherof Continental Bank says. "The biggest problem is the ex-change rate."

The dollar's decline against the Luxembourg franc has contributed to bankers' decisions to withdraw from the Grand Duchy. While bank costs in Luxembourg are paid in francs, much of the revenues are in dollars, reflecting banking activi-ty in the Eurodollar market. Last mark in the European joint curren-cy float, or "snake," rose about 9 percent against the dollar. Thus, banks, particularly U.S. banks, in Luxembourg have faced a cost squeeze due to the dollar's exten-

#### 'Thin' Market

Currency problems are further compounded by Luxembourg's split-currency market. Like Belgi-um, the Grand Duchy has a market for foreign exchange for commer-cial transactions supported by cus-toms documents for items like steel. This market is kept stable within the snake by periodic central bank intervention. However, the second tier—the financial foreign exchange market—gets no such assistance from the monetary authorities. And dealers complain that this market that they are forced to deal in is "thin" and can impose further difficulties in international dealings.

One other problem that banks face in Luxembourg, insiders say, is staffing. The size of the country—with about 350,000 inhabitants, of which about one-quarter are foreigners-means the pool of potential employees is tiny. Therefore, concerns are virtually forced to import people—a costly action that entails the further problems of personal adjustment.

"It's not just costs. It's life style as well" which presents itself as a problem in running a Luxembourg subsidiary, Mr. Sherman of Continental remarked. "It's difficult to get anyhody to go live there" and the available supply of local bank-ing talent in limited, he said.

### Nose Dive

Meanwhile, the sterling's nose London on a more competitive international footing. And Britain began to draw more and more international banking business, not only from U.S. banks but also from West German institutions.

I see no optimistic reason for an American bank wanting to be in Luxembourg," said one banker from a major U.S. concern with interests in both London and Luxem-

"For regional U.S. banks, Luxembourg holds no advantages over London," notes Mr. Sherman of Continental. "I don't think it will ever lose its usefulness to other banks in Belgium and Germany because of its tax advantages. But it isn't a real challenger to most financial centers—namely a place where things get done."

A Wells Fargo spokesman said that its consolidation plans represented "not so much a moving away from Luxembourg but a development in London."

### Another Branch

Bankers explain that London's growing role as an international center is making its activities boom as a financing center—the more banks that open in London, the more new banks that are attracted. "If you're in Europe, you've got to be in London," one banker comWells Fargo, for example, has had a wholly-owned merchant-banking subsidiary in London since 1972. But it was not until last October that the Californian bank de-cided to open another branch, devoted to foreign exchange and de-

Improvements in communica tions—one item mentioned by Wells Fargo-have meant that banks in the Euromarket can consolidate their operations into one center, doing away with the need for a costly network of branches across Europe. With foreign exchange and deposit trading primarily transacted by telephone and wire contact. Wells Fargo said that its move from Luxembourg should have "little effect" on customer

London, bankers here argue, does not present the same kind of problems that Luxembourg often does in terms of finding trained staff easily, relocating employees from the United States and offering a lifestyle to which U.S. employees have become accustomed.

Still, bankers with interests in Luxembourg are not despairing. As one hanker put it: European banks are still moving into Luxem hourg. But it really depends on the structure of the parent company as to what they want to do. Luxembourg has its weaknesses and its strengths. Still to some-mainly European banks—there is a large tax advantage to be gained from es-tablishing in Luxembourg."

### Deutsche Marks

Partly because of this, the Grand Duchy has specialized in the Euromarket for deutsche marks. The West German authorities further facilitated Luxembourg's involvement in dealing in external deutsche-mark funds by cracking down on capital inflows. They implemented a 25-percent tax on nonresident holdings in mark-denomi-nated bonds, effectively encouraging a capital market in foreign holdings of deutsche marks. Moreover, years of high liquidity and strict Bundesbank controls have West German institutions search elsewhere for places to uti-

"Luxembourg had some particular advantages," Mr. Sherman of Continental said. "It will always have postbox holding companies. But if it weren't for German banks. they wouldn't have been put into that big league.'

lize their resources.

Until now, Luxembourg has been their first choice, with about 20 West German banks operating. in the country. But bankers in London said they perceive something of a shift in that approach. Of late, several large West German banking institutions have decided to set up

"Significantly," remarked Mr. Sherman, "German banks are opening branches in London for the first time. That tells you more about the direction for Luxembourg" than the development of new "offshore" centers like the

London experts say that West German banks are overcoming the language problem—one reason

they gave for Luxembourg's strong attraction to German concerns was the common language. In addition transportation poses less of an in-convenience than it used to, they say. In fact, sometimes a trip from West Germany to Luxembourg can take longer than a flight from Frankfurt to London.

#### **Keen Demand**

The strength of the deutsche-mark, particularly over the course of the past surbulent year on the foreign-exchange market, has made a keen demand for DM-denominated paper. Eurobond experts think that demand of this kind will contime to rise in the future, which will probably give Luxembourg a built-in advantage in the race with London for Eurobond business. However, insiders here do not discount the possibility that London, with the help of West German units here, may expand into the Euro-deutsche-mark field as time goes

Even if Europeand trading in the deutsche mark grows, however, London and U.S. benkers say they do not expect to be able to expand their own share of the market in Luxembourg. In fact, Britain's major clearing banks—Barclays, Lloyds, Midland and National Westminster-do not even have subsidiary companies in the Grand Duchy. Any upsurge in Euro-deutsche-mark business is likely to benefit mostly the German banks there. "Poorly efficient U.S. banks have been beaten out by the Germans in the Deutsche-mark boom." one observer bluntly remarked.

One area with which both Lux-embourg and London have faced sharp competition recently has been the Bahamas. Truly "offshore" banking operations— sometimes consisting of only one clerk to record transactions—are being set up there, mainly to cater to U.S. investors, It, too, has flexible banking rules and affords Americans a much-desired "182

#### The Bahamas

"Luxembourg really isn't in competition with U.S. banks, because they go to the Bahamas. The Bahamas is becoming more of a competitor with London. Loans are being booked now in the Bahamas that might in past years have gone to London," one hanker noted.

"Luxembourg," Continental's Mr. Sherman said, "probably offers as many tax advantages as the Bahamas and other places. The question is really one of cost and

The Bahamas, it was also pointed out, deals mainly in Eurodollars—thus setting itself up in direct competition with the established market in London, as opposed to Luxembourg.

One area in which Luxembourg may have a bright future is portfolio management, experts forecast. Portfolio management entails the handling of private foreign accounts, often with discretionary powers, to invest in securities-gencrally in an attempt at tax avoi-

"Luxembourg's secrecy laws and in practices-and it may be more practice than law-make it very much like Switzerland, and portfolio management becomes easy," one banker explained.

Nonetheless, many London bankers said they expect Luxem-bourg's role in the market to slowly shrink. "I suspect," said Mr. Sherman of Continental, "some regional U.S. banks will probably continue to leave either for London or to go back home." Part of the reason, he noted, is the likelihood that the dollar will persist in being w against the deutsche mark and the Luxembourg franc, which will mean continuing high costs for subsidiaries functioning there.

Besides, Mr. Sherman added "London has too many advantages for Luxembourg to compete on an equal footing. There is very little advantage of going to Luxem-

#### The Bank has a traditionally strong position in nationally active credit institutions and governthe interbank money market - above all in money trading and interest arbitrage. Expert For more information about DGZ International loreign exchange dealings in connection and its services just get in touch.

### Deutsche Girozentrale International S.A.

**DGZ** International

Close links with world financial

centers

 1. Place d'Armes, R.C. Luxembourg 9462-B, Luxembourg-Ville Telephone, 42471, Telex: 2257 and 2607

# internationaler Bankplatz Luxembourg

YELEFON

4 72 39 11 (Aligemein)

47 08 01 (Arbitrage)

ADRESSE

### **AKTIVITÄTEN**

- kurz- und mittelfristige Euro-Finanzierungen,
- Forfaitierungen, Garantien Geld- und Devisenhandel

with broad financial operations complement DGZ's

important role in the money market. In the credit sector,

DGZ International is active primarily in servicing quality

The Bank has successfully broadened the scope

of its lending activities by adding new clients from the

industrial sector to its traditional clientele of inter-

- Wertpapierhandel
- Treuhandgeschäfte Annahme von Festgeldern

BILANZ-DATEN 1977 Per 31. Marz In MID DM			
Bilanzsumme	2.263	Kapital und Rücklagen	_
Kredite	955	nach Gewinnverwendung	72
Bankforderungen	895	Nettogewinn (1976/77)	12
Wertpapiere	373	Dividendenzahlung 10%	
Kundeneinlagen	243		

### Norddeutsche Landesbank

INTERNATIONA L Société Anonyme

Luxembourg

2 263 nord /b lu (Handel

# Den norske Creditbank (Luxembourg) S.A.

equity in excess of F.L. 950 million

35, Boulevard du Prince Henri P.O.BOX 297, LUXEMBOURG

Tel. Gen. 21 101 Telex Gen. 1776 Tel. Forex 45 671 Telex Forex 3503

a wholly owned Euro financing subsidiary of Den norske Creditbank, Norway's largest commercial bank.



